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CITY OF CHICAGO

CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1972

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CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1972

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EXHIBIT A

CHICAGO-O'HARE INTERNATIONAL AIRPORT

BALANCE SHEET

JUNE 30, 1972

ASSETS			LIABILITIES		
AIRPORT PROPERTY & EQUIPMENT:			CHICAGO-O'HARE INTERNATIONAL AIRPORT REVENUE BONDS, due January 1, 1999 (See notes as to sinking fund requirements): Authorized $230,000,000.00 - Issued $224,000,000.00		
Acquired with City, State, Federal, Revenue Bond, Utility, Concessionaire and Airline money:			Outstanding:		
Land, other facilities and construction-in-progress at cost	$295,471,756.43		Series of 1959 - 4 3/4%	$89,504,000.00	
Less - Allowances for depreciation	74,180,459.95		Series A of 1961 - 4 3/4%	18,641,000.00	
	$221,291,296.48		Series B of 1961 - 4 1/4%	2,895,000.00	
Engineering cost deferred to future years (being amortized over a 25 year period) less amortization of $810,706.00	415,995.79	$221,707,292.27	Series of 1967 - 4 1/2%	4,063,000.00	
			Series of 1968 - 5%	15,451,000.00	
			Series of March, 1970 - 6.8%	52,000,000.00	$182,554,000.00
			PAYABLES:		
			Chicago-O'Hare International Airport Construction Fund (Exhibit F):		
			Accounts and contracts payable		5,330,861.67
			Uncompleted contracts (Note E)		
CHICAGO-O'HARE INTERNATIONAL AIRPORT CONSTRUCTION FUND:					
(Revenue Bond Proceeds Fund - Exhibit F):					
Cash	$ 74,906.55				
U. S. Government securities at cost	21,180,172.24	21,255,078.79	Chicago-O'Hare International Airport Revenue Fund:		
			Accounts payable and accrued expenses	$ 3,955,281.48	
			Reserve for expenditures budgeted in 1971 - not yet incurred at June 30, 1972	2,250,000.00	6,205,281.48
			FUND BALANCES:		
			Equities in property and equipment (Exhibit B)		
			City funds invested	$16,095,499.84	
			City equity arising from retirement of bonds and income from investment before allocation of depreciation	41,601,268.09	
CHICAGO-O'HARE INTERNATIONAL AIRPORT REVENUE FUND:					
(Exhibit C)					
Cash	$ 2,847,292.18		State and Federal funds invested	30,435,707.52	
U. S. Government securities at cost, including accrued interest of $418,092.56	41,553,356.60		Utility company, Concessionaire and Airline funds invested	16,786,675.53	
Accounts Receivable - airlines and tenants, less allowance for losses	5,394,274.79		Depreciation on assets acquired with Revenue Bond proceeds	(56,938,546.63)	
Prepaid Insurance	386,822.62		Chicago-O'Hare International Airport Revenue Fund (Note 1) (Exhibit C)	46,226,464.71	
Expenditures budgeted in 1971 - not yet incurred at June 30, 1972	2,250,000.00	52,431,746.19	Chicago-O'Hare International Airport Construction Fund (Income from investments)	7,096,905.04	101,303,974.10
		$295,394,117.25			$295,394,117.25

Note 1 - Revenue Fund balance includes $6,860,532.37 representing deferred income to reduce flight fee requirements in 1973.

See notes to financial statements.

( ) Indicates negative amount.

EXHIBIT B

CHICAGO-O'HARE INTERNATIONAL AIRPORT

SUMMARY OF CHANGES IN FUND BALANCES - ALL FUNDS OTHER THAN REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 1972

	Revenue Bond Proceeds Fund Chicago-O'Hare International Airport Construction Fund	Property Funds Assets Acquired with City Funds	State and Federal Funds	Revenue Bonds Proceeds	Utility, Concessionaire and Airline Funds	Total
BALANCE, JANUARY 1, 1972	$22,201,604.07	$16,285,160.06	$30,865,129.92	$154,423,684.99	$16,013,318.40	$217,587,293.37
ADD:						
Interest earned on investments	704,954.36					
Expenditures of City, State, Federal and other money for						
Land		7,716.90	16,908.89			24,625.79
Other facilities		3,482.56	59,879.91			63,362.47
Amounts equivalent to expenditures:						
From Revenue Fund - Current operations					1,028,975.23	1,028,975.23
From Bond Proceeds Fund				6,982,341.31		6,982,341.31
Total	$22,906,558.43	$16,296,359.52	$30,941,918.72	$161,406,026.30	$17,042,293.63	$225,686,598.17
DEDUCTIONS:						
Expenditures for construction	$ 6,982,341.31	$	$	$	$	$
Amounts equivalent to:						
Provision for depreciation of property and equipment		99,536.86	506,211.20	3,016,616.92	255,618.10	3,877,983.08
Amortization of deferred engineering cost		24,534.02				24,534.02
Amounts returned to City (Note A)		76,788.80				76,788.80
Total deductions	$ 6,982,341.31	$ 200,859.68	$ 506,211.20	$ 3,016,616.92	$ 255,618.10	$ 3,979,305.90
BALANCE, JUNE 30, 1972	$15,924,217.12 (Exhibit F)	$16,095,499.84 (Exhibit A)	$30,435,707.52 (Exhibit A)	$158,389,409.38	$16,786,675.53 (Exhibit A)	$221,707,292.27

Note A - This represents Federal grants-in-aid received in respect of expenditures from City funds for construction.

( ) Indicates negative amount.

See notes to financial statement.

EXHIBIT C

CHICAGO-O'HARE INTERNATIONAL AIRPORT

SUMMARY OF CHANGES IN ACCOUNT BALANCES - REVENUE FUND

FOR THE SIX MONTHS ENDED JUNE 30, 1972

	Operation and Maintenance Expense Account	Interest Account	Debt Service Reserve Account	Sinking Fund Account	Reserve Maintenance Account	Emergency Reserve Account	Reduction of Flight Fee Requirements	Revenue Fund Total
BALANCE, JANUARY 1, 1972	$ -	$ -	$15,883,064.00	$3,153,913.69	$3,386,670.58	$16,317,289.63	$3,436,654.02	$42,177,591.92
ADD:								
Allocation of net revenue (Exhibit E)		4,932,586.73	1,114,481.00	3,136,674.27	560,000.00	468,792.43	6,860,532.37	17,073,066.80
Income on investment (Note A)					29,362.59	524,265.13		553,627.72
Transfer to the Sinking Fund Account, amount in Debt Service Reserve Account which is in excess of Bond Ordinance requirement			(459,540.00)	459,540.00				
	$	$4,932,586.73	$16,538,005.00	$6,750,127.96	$3,976,033.17	$17,310,347.19	$10,297,186.39	$59,804,286.44
DEDUCT:								
Applied to reduce 1972 flight fee requirements	$	$	$	$	$	$	$ 3,436,654.02	$ 3,436,654.02
Interest on revenue bonds		4,932,586.73						4,932,586.73
Redemption of Chicago-O'Hare International Airport Revenue Bonds (Note B)				5,091,765.00				5,091,765.00
Expenditures from Reserve Maintenance Account for repairs to Airport facilities					116,815.98			116,815.98
	$	$4,932,586.73	$	$5,091,765.00	$ 116,815.98	$	$ 3,436,654.02	$13,577,821.73
BALANCE, JUNE 30, 1972	$	$	$16,538,005.00	$1,658,362.96	$3,859,217.19	$17,310,347.19	$ 6,860,532.37	$46,226,464.71
BALANCE, JUNE 30, 1972 represented by:								
Cash on deposit	$ 2,742,318.66	$ 23,757.86	$ 43,235.44	$ 688.68	$ 28,258.20	$ 9,033.34	$	$ 2,847,292.18
Investment in U.S. Government securities	3,671,002.19		16,503,322.45		3,838,081.39	17,122,858.01		41,135,264.04
Accrued interest on U.S. Government securities			209,285.68			208,806.88		418,092.56
Accounts Receivable, less allowances for losses $336,623.25	5,394,274.79							5,394,274.79
Due (to) from other accounts	(1,385,726.81)	(23,757.86)	(217,838.57)	1,657,674.28		(30,351.04)		-
Prepaid insurance	386,822.62							386,822.62
Expenditures budgeted in 1971 - not yet incurred at June 30, 1972 - contra	2,250,000.00							2,250,000.00
Total	$13,058,691.45	$	$16,538,005.00	$1,658,362.96	$3,866,339.59	$17,310,347.19	$	$52,431,746.19
LESS - Accounts payable	3,948,159.08				7,122.40			3,955,281.48
Deferred income to be applied to reduce flight fees of future periods	6,860,532.37						(6,860,532.37)	
Reserve for expenditures budgeted in 1971 - not incurred at June 30, 1972 - contra	2,250,000.00							2,250,000.00
BALANCE, JUNE 30, 1972	$	$	$16,538,005.00	$1,658,362.96	$3,859,217.19	$17,310,347.19	$ 6,860,532.37	$46,226,464.71

Exhibit A

Note A - Exclusive of $677,164.83 (included in allocation of Net Income) representing interest earned on investments other than those of the Reserve Maintenance and Emergency Reserve Accounts.
Note B - Represents $5,620,000 par value Chicago-O'Hare International Airport Revenue Bonds.

( ) Indicates negative amounts
See notes to financial statements.

CHICAGO-O'HARE INTERNATIONAL AIRPORT
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
FOR SIX MONTHS ENDED JUNE 30, 1972 AND 1971

	Period 1972	Period 1971	Increase or (Decrease)
REVENUES:			
Flight fees, exclusive of ramp rentals	$13,874,172.52	$12,386,307.46	$1,487,865.06
Rentals, utility sales, concessions and income from investments	12,224,306.91	11,197,880.85	1,026,426.06
Total	$26,098,479.43	$23,584,188.31	$2,514,291.12
EXPENSES, excluding fixed charges:			
Salaries and wages-			
Department of Aviation-Administrative	$ 220,756.35	$ 199,300.14	$ 21,456.21
Department of Aviation-Operating	3,576,616.28	3,153,990.03	422,626.25
Corporation Counsel's office	36,594.00	25,182.00	11,412.00
Comptroller's office	21,720.90	18,886.45	2,834.45
Fire department	937,742.13	798,514.33	139,227.80
Police department	710,522.65	605,539.80	104,982.85
Indirect administrative and general	275,197.62	246,116.93	29,080.69
	$ 5,779,149.93	$ 5,047,529.68	$ 731,620.25
Fire department supplies and maintenance	1,558.32	2,317.14	(758.82)
Gasoline	10,780.33	8,770.98	2,009.35
Heat, light, power and water	857,677.43	656,310.54	201,366.89
Insurance - general	227,528.17	243,963.65	(16,435.48)
Insurance - workmen's compensation and disability	30,436.38	25,451.39	4,984.99
Laundry, Uniform rental and other cleaning services	36,504.44	32,968.51	3,535.93
Materials and supplies	456,153.86	391,287.93	64,865.93
Professional services	1,009,553.41	634,814.02	374,739.39
Provision for doubtful accounts	(156,993.55)	230,312.33	(387,305.88)
Provision for pensions	426,293.79	364,511.32	61,782.47
Bank service charges	25,595.05	23,166.34	2,428.71
Repairs and maintenance	2,151,146.08	2,269,847.29	(118,701.21)
Telephone and telegraph	12,363.84	10,515.58	1,848.26
Travel	1,397.52	3,200.72	(1,803.20)
Vehicles	178,404.00	19,670.37	158,733.63
Machinery and equipment	61,405.87	52,561.88	8,843.99
Miscellaneous	33,569.14	16,941.10	16,628.04
Indirect administrative and general expenses			
Department of Aviation	15,369.79	13,119.33	2,250.46
Other	275,197.62	246,116.93	29,080.69
Total operating expenses, excluding fixed charges	$11,433,091.42	$10,293,377.03	$1,139,714.39
NET OPERATING INCOME BEFORE FIXED CHARGES AND APPLICATION OF REVENUES	$14,665,388.01	$13,290,811.28	$1,374,576.73

(Continued to next page)

CHICAGO-O'HARE INTERNATIONAL AIRPORT
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
FOR SIX MONTHS ENDED JUNE 30, 1972 AND 1971

	Period		Increase or (Decrease)
	1972	1971	
NET OPERATING INCOME BEFORE FIXED CHARGES AND APPLICATION OF REVENUES (brought forward)	$14,665,388.01	$13,290,811.28	$1,374,576.73
PROVISION FOR FIXED CHARGES:			
Interest on revenue bonds	$ 4,932,586.73	$ 5,122,047.20	($ 189,460.47)
Depreciation - all properties	3,877,983.08	3,758,465.11	119,517.97
Amortization of deferred engineering charges	24,534.02	24,534.02	
	$ 8,835,103.83	$ 8,905,046.33	($ 69,942.50)
OPERATING INCOME IN EXCESS OF EXPENSE	$ 5,830,284.18	$ 4,385,764.95	$1,444,519.23
OTHER INCOME:			
Income earned on investments:			
Emergency Reserve Account	$ 524,265.13	$ 488,528.23	$ 35,736.90
Reserve Maintenance Account	29,362.59	66,485.65	(37,123.06)
	$ 553,627.72	$ 555,013.88	($ 1,386.16)
OTHER EXPENSE:			
Operating income expended for: (Note D)			
Capital Improvements	$ 1,028,975.23	$ 1,175,304.36	($ 146,329.13)
Expenses for major repairs and maintenance charged to the Reserve Maintenance account	116,815.98	178,505.50	(61,689.52)
	$ 1,145,791.21	$ 1,353,809.86	($ 208,018.65)
OTHER EXPENSE; NET	$ 592,163.49	$ 798,795.98	($ 206,632.49)
INCOME IN EXCESS OF EXPENSE (EXHIBIT E)	$ 5,238,120.69	$ 3,586,968.97	$1,651,151.72

See notes to financial statements.

CHICAGO-O'HARE INTERNATIONAL AIRPORT
RECONCILIATION TO "NET REVENUES"
AS DEFINED IN BOND ORDINANCE
FOR THE SIX MONTHS ENDED JUNE 30, 1972 AND 1971

	1972	1971
Income in excess of expense (Exhibit D)	$ 5,238,120.69	$ 3,586,968.97
Add (deduct) adjustments to reflect ordinance basis of accounting:		
Amounts included above in determination of income and expense:		
Interest on revenue bonds	4,932,586.73	5,122,047.20
Depreciation - all properties	3,877,983.08	3,758,465.11
Amortization of deferred engineering costs	24,534.02	24,534.02
Interest earned on investments of:		
Emergency Reserve Account	(524,265.13)	(488,528.23)
Reserve Maintenance Account	(29,362.59)	(66,485.65)
Expenses of the Reserve Maintenance Account	116,815.98	178,505.50
Amount not included above in determination of income and expense - application of deferred income from preceding year as a reduction of flight fee requirements	3,436,654.02	261,676.91
"Net Revenues" as defined in bond ordinance	$17,073,066.80	$12,377,183.83
Allocation of net revenues (In order of priority):		
Interest account	$ 4,932,586.73	$ 5,122,047.20
Debt Service Reserve Account	1,114,481.00	1,114,481.00
Sinking Fund Account - Minimum sinking fund payment	1,479,000.00	1,414,000.00
Reserve Maintenance Account	560,000.00	560,000.00
Emergency Reserve Account	468,792.43	493,005.41
To reduce flight fee requirements - Future periods	6,860,532.37	2,140,428.42
Remainder of debt service requirements as defined by the Bond Ordinance (allocated to Sinking Fund)	1,657,674.27	1,533,221.80
Total	$17,073,066.80 (Exhibit C)	$12,377,183.83
Total allocation to Sinking Fund Account:		
Minimum payment	$ 1,479,000.00	$ 1,414,000.00
Additional allocation of remaining net revenues	1,657,674.27	1,533,221.80
	$ 3,136,674.27	$ 2,947,221.80

See notes to financial statements.

CHICAGO-O'HARE INTERNATIONAL AIRPORT

DETAILS OF APPLICATION OF PROCEEDS OF REVENUE BONDS

FOR THE SIX MONTHS ENDED JUNE 30, 1972

	Chicago-O'Hare International Airport Construction Fund				
	General Construction Prior to 1968	General Construction of 1968	Construction of March 1970 Elevated Garage	Construction of March 1970 Runway 4R-22L and Land	Total
BALANCE, January 1, 1972	$1,104,381.42	$2,301,788.34	$15,813,702.58	$2,981,731.73	$22,201,604.07
ADDITIONS:					
Interest earned on investments	28,643.92	80,080.48	452,540.01	143,689.95	704,954.36
Total	$1,133,025.34	$2,381,868.82	$16,266,242.59	$3,125,421.68	$22,906,558.43
DEDUCTIONS:					
Expenditures for:					
Runways and other facilities	$ 179,337.11	($ 32,930.71)	$ 6,449,551.36	$ 306,370.55	$ 6,902,328.31
Land		80,013.00			80,013.00
Total	$ 179,337.11	$ 47,082.29	$ 6,449,551.36	$ 306,370.55	$ 6,982,341.31
BALANCE, JUNE 30, 1972	$ 953,688.23	$2,334,786.53	$ 9,816,691.23	$2,819,051.13	$15,924,217.12
Balance at June 30, 1972 represented by:					
Cash on deposit	$ 41,886.86	$ 280.36	$ 31,256.12	$ 1,483.21	$ 74,906.55
U. S. Government securities at cost	955,798.61	4,215,759.23	12,774,435.68	3,234,178.72	21,180,172.24
Total	$ 997,685.47	$4,216,039.59	$12,805,691.80	$3,235,661.93	$21,255,078.79
Less - Accounts and contracts payable	43,997.24	1,881,253.06	2,989,000.57	416,610.80	5,330,861.67
Balance	$ 953,688.23	$2,334,786.53	$ 9,816,691.23	$2,819,051.13	$15,924,217.12 (Exhibit B)

( ) Indicates negative amount.

See notes to financial statements.

CHICAGO-O'HARE INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1972

Note A - General:

The issuance of Chicago-O'Hare International Airport Revenue Bonds was authorized by an ordinance adopted December 29, 1958, and subsequent supplemental ordinances. The purpose of the issues is to provide funds for the extension and improvement of the Airport and its facilities.

Data with respect to Revenue Bonds as of June 30, 1972 is as follows:

Amount authorized	$230,000,000
Amount sold	224,000,000
Amount called or purchased and retired ($5,620,000 during the six months ended June 30, 1972)	41,446,000
Amount outstanding	182,554,000

The unexpended proceeds from Revenue Bond issues amounted to $15,924,217 at June 30, 1972.

Operating revenues from flight fees, rentals, concessions, and other sources (accounted for collectively through the Revenue Fund) are restricted by the Bond Ordinance as to their use for the purposes enumerated in Note B5. For each specified purpose, a separate account is provided within the Revenue Fund.

The financial statements include amounts in respect of Airport facilities paid for by the City, State and Federal Governments, and private parties (totaling approximately $80,100,000 at cost, less allowances for depreciation of approximately $17,200,000 at June 30, 1972), as well as those acquired with proceeds of the Revenue Bonds.

Note B - Accounting Policies:

1. United States Government Securities:

The aggregate market value of the securities at June 30, 1972 was approximately $761,000 in excess of cost; however, approximately $372,000 of this amount represents the increase in market value from date of purchase to June 30, 1972 of United States Treasury bills, which have no stated interest rates. Accrued interest is included only on those securities having stated interest rates; discounts and premiums are recognized at time of maturity or disposition.

2. Accounts Receivable:

The Bond Ordinance requires that provision be made for all uncollectible accounts receivable, which are defined as all accounts receivable not collected within 30 days after due date. Accordingly, as of June 30, 1972, an allowance was established for such accounts totaling $336,623, of which approximately $168,200 was subsequently collected through September 30, 1972.

Note B - Accounting Policies (Continued)

3. Property and Equipment:

The costs of earthwork and landscaping have been charged to the land account. Interest is capitalized from the commencement of work through the year of completion on land improvements provided through the use of City money.

All replacements of vehicles, furnishings, signs, and other equipment are expensed during the year of acquisition in accordance with the terms of the Ordinance.

Grants from State and Federal Governments are recognized only as received. As of June 30, 1972, a maximum of $11,600,000 may be realized in future periods from such grants.

Depreciation is provided in respect of facilities other than land on a straight-line basis, using annual rates calculated to amortize the cost of the individual assets over their estimated useful lives commencing in the year following the year of acquisition or completion of construction.

Under the terms of the Ordinance, only depreciation and amortization applicable to facilities acquired with City money are taken into account in establishing flight fee revenue requirements.

4. Interest on City's Investment in Airport Property:

The Ordinance provides that "Airport expenses," for the purpose of computing flight fees collectible from the airlines, shall take into account interest on money of the City invested in property and equipment and deferred engineering costs. (See Note B5f).

5. Allocation of Operating Revenues:

The Ordinance requires the allocation of revenues for specified purposes in the following order of priority:

a. Ordinary costs of operation and maintenance, but not in excess of the amount budgeted by the City for such purposes.

b. Amounts equal to interest on bonds outstanding. During the six months ended June 30, 1972, interest of $4,932,587 was paid.

c. The debt service reserve must be maintained at an amount equal to two years' interest requirements.

The debt service reserve for Revenue Bonds issued prior to the Series of 1967 was fully funded in a prior year. In respect to these bonds for which the debt service reserve requirement was fully funded, bonds in the principal amount of $4,852,000 were purchased and retired during the six months ended June 30, 1972; accordingly, the applicable interest requirement for the six months ended June 30, 1972 ($459,540) was transferred to the sinking fund.

5. Allocation of Operating Revenues:

c. (Continued)

During the six months ended June 30, 1972, allocations of $38,125, $146,625, and $929,731 were made to the debt service reserve applicable to the Revenue Bonds, Series of 1967, Series of 1968 and Series of March 1970, respectively.

d. For the Sinking Fund, a minimum payment ranging from $2,957,000 for 1972 ($1,479,000 for the six months ended June 30, 1972) to $13,945,000 in 1998. Additional amounts are allocable to the Sinking Fund as explained in Note B5c ($459,540 for the six months ended June 30, 1972) and Note B5h ($1,657,674 for the six months ended June 30, 1972). The total amount added to the Sinking Fund from all sources during the six months ended June 30, 1972 was $3,596,214.

e. For reserve maintenance, $1,120,000 annually until $4,666,666 is accumulated. Major repairs, renewals, and replacements may be paid for with these funds. During the six months ended June 30, 1972, expenditures for these purposes totalling $116,816 were made from the account. For the six months ended June 30, 1972, $560,000 was allocated to the reserve maintenance account.

f. For emergency reserve, amounts (total for the six months ended June 30, 1972, $468,792) equal to the semi-annual provisions for (a) depreciation and amortization on assets acquired with City money (for the six months ended June 30, 1972 $124,071) and (b) interest on City money invested in Airport assets (for the six months ended June 30, 1972, $344,721). These funds may be used to abate landing fees in the event the Airport is closed.

g. To the extent that revenues for the year as defined in the Ordinance, including deferred income from the preceding year, exceed "Airport expense" as defined, the excess shall be deferred income and considered as revenues of the next succeeding year. In accordance with this provision, revenues of $6,860,532 for the six months ended June 30, 1972 have been so deferred in the Revenue Fund, to be carried over to reduce flight fee requirements for 1973.

h. Any remaining revenues after making the aforementioned allocations are to be allocated to the sinking fund ($1,657,674 for six months ended June 30, 1972).

Note C - Revenue Bond Retirement:

Money in the sinking fund account is to be applied as rapidly as practicable to the retirement of bonds, by call, purchase in the open market, or tender.

Note C - Revenue Bond Retirement (Continued):

Bonds may be redeemed by call, from funds provided by Airport Revenues, at prices ranging downward from 105% of principal amount to par value, plus accrued interest, to December 31, 1989; and, thereafter, at par value plus accrued interest. Bonds also may be redeemed by purchase in the open market or tender at prices not in excess of call prices.

From various dates commencing January 1, 1974 (varying with the terms of the individual bond issues) to December 31, 1989, the total bonds outstanding of any issue may also be redeemed from resources other than Airport revenues at maximum prices of 2% of principal amount in excess of the aforementioned call prices; and thereafter, at par value, plus accrued interest.

Through June 30, 1972, bonds in the principal amount of $41,446,000 ($5,620,000 in the six months ended June 30, 1972) have been purchased at a cost (exclusive of bond premium) of $37,782,082 ($5,091,765 in the six months ended June 30, 1972) and retired, with funds provided by the Sinking fund. Premiums in the amount of $388,995 (none in the six months ended June 30, 1972) have been paid on bonds purchased and retired. Such premiums were charged to airport operations in the year of payment.

Note D - Use of Operating Revenues:

The Bond Ordinance does not permit the use of operating revenues for capital improvements or other expenditures not directly related to the operation of the Airport; however, the Airline Representative has agreed to all such capital improvement expenditures, which have the effect of increasing flight fee requirements.

Note E - Commitments:

Work to be performed under uncompleted contracts in force for Airport facilities to be financed by Revenue Bond money aggregated approximately $10,150,000 at June 30, 1972.

Note F - Subsequent Events:

On August 30, 1972, the City Council of Chicago authorized and directed to be sold $8,000,000 of Chicago-O'Hare International Airport 6% Revenue Bonds, Series of 1972. These bonds were sold at 100.051% of principal amount plus accrued interest from July 1, 1972 to date of delivery. The proceeds of the issue are to be used for construction of pedestrian tunnels, motor vehicle parking facilities and hotel access road, expansion of heating and refrigeration facility and fuel system modifications.

CITY OF CHICAGO

CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1973

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chard J. Daley, Mayor

PARTMENT OF FINANCE
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CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1973

Prepared by the Accounting Division
Office of the City Comptroller
City of Chicago, Illinois
October 5, 1973

C O N T E N T S

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Exhibit A - Balance Sheet - June 30, 1973	2
Exhibit B - Summary of Changes in Fund Balances - All Funds Other than Revenue Fund, for the six months ended June 30, 1973	3
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EXHIBIT A

CHICAGO-O'HARE INTERNATIONAL AIRPORT

BALANCE SHEET

JUNE 30, 1973

A S S E T S

AIRPORT PROPERTY & EQUIPMENT		
Acquired with City, State, Federal, Revenue Bond, Utility, Concessionaire and Airline money:		
Land, other facilities and construction-in-progress at cost	$309,334,756.33	
Less - Allowances for depreciation	82,136,192.05	
	$227,198,564.28	
Engineering cost deferred to future years (being amortized over a 25 year period) less amortization of $859,774.08	366,927.71	$227,565,491.99
CHICAGO-O'HARE INTERNATIONAL AIRPORT CONSTRUCTION FUND: (Revenue Bond Proceeds Fund - Exhibit F)		
Cash	$ 1,080,952.50	
U. S. Government securities at cost	20,563,511.87	21,644,464.37
CHICAGO-O'HARE INTERNATIONAL AIRPORT REVENUE FUND: (Exhibit C)		
Cash	$ 8,711,619.81	
U. S. Government securities at cost, including accrued interest of $365,988.85	44,066,652.66	
Accounts Receivable - airlines and tenants, less allowance for losses $407,961.68	6,524,647.49	
Prepaid expenses	312,022.07	
Expenditures budgeted in 1972 - not yet incurred at June 30, 1973	3,514,000.00	63,128,942.03
		$312,338,898.39

L I A B I L I T I E S

CHICAGO-O'HARE INTERNATIONAL AIRPORT REVENUE BONDS, due January 1, 1999 (See notes as to Sinking Fund requirements): Authorized $238,000,000.00 - Issued $232,000,000.00		
Outstanding:		
Series of 1959 - 4 3/4%	$84,342,000.00	
Series A of 1961 - 4 3/4%	17,563,000.00	
Series B of 1961 - 4 1/4%	2,704,000.00	
Series of 1967 - 4 1/2%	3,833,000.00	
Series of 1968 - 5%	14,639,000.00	
Series of March, 1970 - 6.8%	51,565,000.00	
Series of 1972 - 6%	8,000,000.00	$182,646,000.00
PAYABLES:		
Chicago-O'Hare International Airport Construction Fund (Exhibit F):		
Accounts and contracts payable		4,670,876.00
Contingent Liabilities - uncompleted contracts (See note E)		
Chicago-O'Hare International Airport Revenue Fund (Exhibit C)		
Accounts payable and accrued expense	$ 6,098,935.47	
Reserve for expenditures budgeted in 1972 - not yet incurred at June 30, 1973	3,514,000.00	9,612,935.47
FUND BALANCES:		
Equities in property and equipment (Exhibit B)		
City funds invested	$18,344,936.70	
City equity arising from retirement of bonds and income on investment before allocation of depreciation	49,509,268.09	
State and Federal funds invested	30,119,665.97	
Utility company, Concessionaire and Airline funds invested	19,007,201.84	
Depreciation on assets acquired with Revenue Bond proceeds	(63,169,203.64)	
Chicago-O'Hare International Airport Revenue Fund (Note 1) (Exhibit C)	53,516,006.56	
Chicago-O'Hare International Airport Construction Fund (Income from investment)	8,081,211.40	115,409,086.92
		$312,338,898.39

Note 1 - Revenue Fund balance includes $9,364,972.11 representing deferred income to reduce flight fee requirement in 1974.

See notes to financial statements.

( ) Indicates negative amount.

EXHIBIT B

CHICAGO-O'HARE INTERNATIONAL AIRPORT

SUMMARY OF CHANGES IN FUND BALANCES - ALL FUNDS OTHER THAN REVENUE FUNDS

FOR THE SIX MONTHS ENDED JUNE 30, 1973

	Revenue Bond Proceeds Fund Chicago-O'Hare International Airport Construction Fund	Property Funds Assets Acquired with				
		City Funds	State and Federal Funds	Revenue Bonds Proceeds	Utility, Concessionaire & Airline Funds	Total
BALANCE, JANUARY 1, 1973	$19,793,812.54	$17,132,473.77	$29,929,496.18	$159,846,063.00	$18,517,846.50	$225,425,879.45
ADD:						
Interest earned on investments	641,440.21					
Expenditures of City, State, Federal and other money for:						
Land		17,275.21				17,275.21
Other facilities		1,998,312.77	694,373.43			2,692,686.20
Amounts equivalent to expenditures:						
From Revenue Fund - Current operations					764,642.65	764,642.65
From Bond Proceeds - Current operations				3,461,664.38		3,461,664.38
Total	$20,435,252.75	$19,148,061.75	$30,623,869.61	$163,307,727.38	$19,282,489.15	$232,362,147.89
DEDUCTIONS:						
Expenditures for construction	$ 3,461,664.38	$	$	$	$	$
Amounts equivalent to:						
Provision for depreciation on property and equipment		84,217.60	504,203.64	3,214,039.90	275,287.31	4,077,748.45
Amortization of deferred engineering cost		24,534.02				24,534.02
Amounts returned to City (Note A)		694,373.43				694,373.43
Total deductions	$ 3,461,664.38	$ 803,125.05	$ 504,203.64	$ 3,214,039.90	$ 275,287.31	$ 4,796,655.90
BALANCE, JUNE 30, 1973	$16,973,588.37 (Exhibit F)	$18,344,936.70 (Exhibit A)	$30,119,665.97 (Exhibit A)	$160,093,687.48	$19,007,201.84 (Exhibit A)	$227,565,491.99

Note A - This represents Federal grants-in-aid received in respect of expenditures from City funds for construction.

See notes to financial statements.

EXHIBIT C

CHICAGO-O'HARE INTERNATIONAL AIRPORT

SUMMARY OF CHANGES IN ACCOUNT BALANCES - REVENUE FUND

FOR THE SIX MONTHS ENDED JUNE 30, 1973

	Operation and Maintenance Expense Account	Interest Account	Debt Service Reserve Account	Sinking Fund Account	Reserve Maintenance Account	Emergency Reserve Account	Reduction of Flight Fee Requirements	Revenue Fund Total
BALANCE, JANUARY 1, 1973	$	$	$17,554,594.00	$ 846,544.61	$4,433,334.14	$18,353,117.70	$ 8,043,892.99	$49,231,483.44
ADD:								
Allocation of net revenue (Exhibit E)		4,976,610.17	1,234,760.00	3,370,783.83	472,804.22	454,213.52	9,364,972.11	19,874,143.85
Income on investments (Note A)					136,983.39	502,323.79		639,307.18
Transfer to the Sinking Fund Account amount in Debt Service Reserve Account which is in excess of Bond Ordinance requirement			(230,515.00)	230,515.00				
	$	$4,976,610.17	$18,558,839.00	$4,447,843.44	$5,043,121.74	$19,309,655.01	$17,408,865.10	$69,744,934.47
DEDUCT:								
Applied to reduce 1973 flight fees	$	$	$	$	$	$	$ 8,043,892.99	$ 8,043,892.99
Interest on revenue bonds		4,976,610.17						4,976,610.17
Redemption of Chicago-O'Hare International Airport Revenue Bonds (Note B)				2,998,636.00				2,998,636.00
Expenditures from Reserve Maintenance Account for repairs to Airport facilities					209,788.75			209,788.75
	$	$4,976,610.17	$	$2,998,636.00	$ 209,788.75	$	$ 8,043,892.99	$16,228,927.91
BALANCE, JUNE 30, 1973	$	$	$18,558,839.00	$1,449,207.44	$4,833,333.00	$19,309,655.01	$ 9,364,972.11	$53,516,006.56
BALANCE, JUNE 30, 1973 represented by:								
Cash on deposit	$ 3,808,927.63	($ 9,702.45)	$ 1,418,946.53	$ 2,937.99	$2,743,621.74	$ 746,888.37	$	$ 8,711,619.81
Investment in U. S. Government securities	5,825,042.53	9,662.08	17,196,423.85	14,485.62	2,284,538.95	18,370,510.78		43,700,663.81
Accrued interest on U. S. Government securities			156,684.81			209,304.04		365,988.85
Accounts Receivable, less allowances for losses $407,961.68	6,524,647.49							6,524,647.49
Due (to) from other accounts	(1,094,364.05)	40.37	(213,216.19)	1,431,783.83	(107,195.78)	(17,048.18)		
Prepaid Expense	312,022.07							312,022.07
Expenditures budgeted in 1972 - not yet incurred at June 30, 1973 - contra	3,514,000.00							3,514,000.00
Total	$18,890,275.67	$	$18,558,839.00	$1,449,207.44	$4,920,964.91	$19,309,655.01	$	$63,128,942.03
LESS - Accounts payable	6,011,303.56				87,631.91			6,098,935.47
Deferred income to be applies to reduce flight fees of future periods	9,364,972.11						(9,364,972.11)	
Reserve for expenditures budgeted in 1972 not yet incurred at June 30, 1973	3,514,000.00							3,514,000.00
BALANCE, JUNE 30, 1973	$ -	$ -	$18,558,839.00	$1,449,207.44	$4,833,333.00	$19,309,655.01	$ 9,364,972.11	$53,516,006.56 (Exhibit A)

Note A - Exclusive of $718,762.38 (included in allocation of net revenue) representing interest earned on investments other than those of the Reserve Maintenance and Emergency Reserve Accounts.

Note B - Represents $3,184,000 par value Chicago-O'Hare International Airport Revenue Bonds.

( ) Indicates negative amounts.

See notes to financial statements.

CHICAGO-O'HARE INTERNATIONAL AIRPORT
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
FOR SIX MONTHS ENDED JUNE 30, 1973 AND 1972

	Period		Increase or (Decrease)
	1973	1972	
EVENUES:			
Flight fees, exclusive of ramp rentals	$12,358,500.02	$13,874,172.52	($1,515,672.50)
Rentals, utility sales, concessions and income from investments	13,192,038.34	12,224,306.91	967,731.43
Total	$25,550,538.36	$26,098,479.43	($ 547,941.07)
XPENSES, excluding fixed charges:			
Salaries and wages -			
Department of Aviation - Administrative	$ 214,084.21	$ 220,756.35	($ 6,672.14)
Department of Aviation - Operating	4,019,249.10	3,576,616.28	442,632.82
Corporation Counsel's office	48,606.82	36,594.00	12,012.82
Comptroller's office	27,885.45	21,720.90	6,164.55
Fire department	1,018,628.83	937,742.13	80,886.70
Police department	1,274,403.15	710,522.65	563,880.50
Indirect administrative and general	334,290.23	275,197.62	59,092.61
	$ 6,937,147.79	$ 5,779,149.93	$1,157,997.86
re department supplies and maintenance	1,561.65	1,558.32	3.33
soline	10,897.02	10,780.33	116.69
at, light, power and water	1,041,964.88	857,677.43	184,287.45
surance - general	234,428.44	227,528.17	6,900.27
surance - workmen's compensation and disability	31,961.12	30,436.38	1,524.74
undry, uniform rental and other			
cleaning services	40,310.24	36,504.44	3,805.80
terials and supplies	470,606.15	456,153.86	14,452.29
ofessional services	699,468.52	1,009,553.41	(310,084.89)
ovision for doubtful accounts	(139,238.94)	(156,993.55)	17,754.61
ovision for pensions	589,868.38	426,293.79	163,574.59
nk service charges	25,459.77	25,595.05	(135.28)
pairs and maintenance	2,251,076.63	2,151,146.08	99,930.55
lephone and telegraph	16,052.00	12,363.84	3,688.16
avel	2,717.34	1,397.52	1,319.82
hicles	97,951.78	178,404.00	(80,452.22)
chinery and equipment	222,074.43	61,405.87	160,668.56
scellaneous	52,489.18	33,569.14	18,920.04
direct administrative and general expenses:			
Department of Aviation	12,808.24	15,369.79	(2,561.55)
Other	334,290.23	275,197.62	59,092.61
Total operating expenses, excluding fixed charges	$12,933,894.85	$11,433,091.42	$1,500,803.43
OPERATING INCOME BEFORE FIXED CHARGES AND APPLICATION OF REVENUES	$12,616,643.51	$14,665,388.01	($2,048,744.50)

(Continued to next page)

CHICAGO-O'HARE INTERNATIONAL AIRPORT
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
FOR SIX MONTHS ENDED JUNE 30, 1973 AND 1972

	Period		Increase or (Decrease)
	1973	1972	
ET OPERATING INCOME BEFORE FIXED CHARGES AND APPLICATION OF REVENUES (brought forward)	$12,616,643.51	$14,665,388.01	($2,048,744.50)
ROVISION FOR FIXED CHARGES:			
Interest on revenue bonds	$ 4,976,610.17	$ 4,932,586.73	$ 44,023.44
Premium on bonds retired	21,750.00		21,750.00
Depreciation - all properties	4,077,748.45	3,877,983.08	199,765.37
Amortization of deferred engineering charges	24,534.02	24,534.02	
	$ 9,100,642.64	$ 8,835,103.83	$ 265,538.81
PERATING INCOME IN EXCESS OF EXPENSE	$ 3,516,000.87	$ 5,830,284.18	($2,314,283.31)
THER INCOME:			
Income earned on investments:			
Emergency Reserve Account	$ 502,323.79	$ 524,265.13	($ 21,941.34)
Reserve Maintenance Account	136,983.39	29,362.59	107,620.80
	$ 639,307.18	$ 553,627.72	$ 85,679.46
THER EXPENSE:			
Operating income expended for: (Note D)			
Capital improvements	$ 764,642.65	$ 1,028,975.23	($ 264,332.58)
Expenses for major repairs and maintenance charged to the Reserve Maintenance account	209,788.75	116,815.98	92,972.77
	$ 974,431.40	$ 1,145,791.21	($ 171,359.81)
THER EXPENSE: NET	$ 335,124.22	$ 592,163.49	($ 257,039.27)
NCOME IN EXCESS OF EXPENSE (EXHIBIT E)	$ 3,180,876.65	$ 5,238,120.69	($2,057,244.04)

ee notes to financial statements.

EXHIBIT E

CHICAGO-O'HARE INTERNATIONAL AIRPORT
RECONCILIATION TO "NET REVENUES" AS DEFINED IN BOND ORDINANCE
FOR THE SIX MONTHS ENDED JUNE 30, 1973 AND 1972

	1973	1972
Income in excess of expense (Exhibit D)	$ 3,180,876.65	$ 5,238,120.69
Add (deduct) adjustments to reflect ordinance basis of accounting:		
Amounts included above in determination of income and expense:		
Interest on revenue bonds	4,976,610.17	4,932,586.73
Depreciation - all properties	4,077,748.45	3,877,983.08
Amortization of deferred engineering costs	24,534.02	24,534.02
Interest earned on investments of:		
Emergency Reserve Account	(502,323.79)	(524,265.13)
Reserve Maintenance Account	(136,983.39)	(29,362.59)
Expenses of the Reserve Maintenance Account	209,788.75	116,815.98
Amount not included above in determination of income and expense - application of deferred income from preceding year as a reduction of flight fee requirements	8,043,892.99	3,436,654.02
"Net Revenues" as defined in bond ordinance	$19,874,143.85	$17,073,066.80
Allocation of net revenues (In order of priority):		
Interest account	$ 4,976,610.17	$ 4,932,586.73
Debt Service Reserve Account	1,234,760.00	1,114,481.00
Sinking Fund Account - Minimum sinking fund payment	1,939,000.00	1,479,000.00
Reserve Maintenance Account	472,804.22	560,000.00
Emergency Reserve Account	454,213.52	468,792.43
To reduce flight fee requirements - Future periods	9,364,972.11	6,860,532.37
Remainder of debt service requirements as defined by the Bond Ordinance (allocated to Sinking Fund)	1,431,783.83	1,657,674.27
Total	$19,874,143.85 (Exhibit C)	$17,073,066.80
Total allocation to Sinking Fund Account:		
Minimum payment	$ 1,939,000.00	$ 1,479,000.00
Additional allocation of remaining net revenues	1,431,783.83	1,657,674.27
	$ 3,370,783.83	$ 3,136,674.27

See notes to financial statements.

EXHIBIT F

CHICAGO-O'HARE INTERNATIONAL AIRPORT

DETAILS OF APPLICATION OF PROCEEDS OF REVENUE BONDS

FOR THE SIX MONTHS ENDED JUNE 30, 1973

	Chicago-O'Hare International Airport Construction Fund							
			Construction of March, 1970		Construction of 1972			
	General Construction Prior to 1968	General Construction of 1968	Elevated Garage	Runway 4R-22L and Land	Pedestrian Tunnels and Access Roads	Heating and Refrigeration Plant Expansion	Fueling System Expansion	Total
BALANCE AT JANUARY 1, 1973	$953,945.80	$2,199,063.20	$5,880,453.21	$2,892,026.46	$2,992,386.43	$3,866,931.19	$1,009,006.25	$19,793,812.54
ADDITIONS:								
Interest earned on investments	43,447.33	136,291.60	311,325.73	53,375.01	12,003.06	74,382.47	10,615.01	641,440.21
Total	$997,393.13	$2,335,354.80	$6,191,778.94	$2,945,401.47	$3,004,389.49	$3,941,313.66	$1,019,621.26	$20,435,252.75
DEDUCTIONS:								
Expenditures for:								
Runways and other facilities		160,150.42	2,479,235.98	1,364.20	269,576.61	551,337.17		3,461,664.38
BALANCE, AT JUNE 30, 1973	$997,393.13	$2,175,204.38	$3,712,542.96	$2,944,037.27	$2,734,812.88	$3,389,976.49	$1,019,621.26	$16,973,588.37
Balance at June 30, 1973 represented by:								
Cash on deposit	$ 35,922.44	$ 5,446.91	$ 724,990.95	$ 4,440.99	$ 746.70	$ 305,954.27	$ 3,450.24	$ 1,080,952.50
U. S. Government securities at cost	961,567.93	4,110,018.53	5,097,280.02	2,940,496.60	3,144,438.15	3,293,539.62	1,016,171.02	20,563,511.87
Total	$997,490.37	$4,115,465.44	$5,822,270.97	$2,944,937.59	$3,145,184.85	$3,599,493.89	$1,019,621.26	$21,644,464.37
Less - Accounts and contracts payable	97.24	1,940,261.06	2,109,728.01	900.32	410,371.97	209,517.40		4,670,876.00
Balance	$997,393.13	$2,175,204.38	$3,712,542.96	$2,944,037.27	$2,734,812.88	$3,389,976.49	$1,019,621.26	$16,973,588.37 (Exhibit B)

See notes to financial statements

CHICAGO-O'HARE INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1973

Note A - General:

The issuance of Chicago-O'Hare International Airport Revenue Bonds was authorized by an ordinance adopted December 29, 1958, and subsequent supplemental ordinances. The purpose of the issues is to provide funds for the extension and improvement of the Airport and its facilities.

Data with respect to Revenue Bonds as of June 30, 1973 is as follows:

Amount authorized	$238,000,000
Amount sold	232,000,000
Amount called or purchased and retired ($3,184,000 during the six months ended June 30, 1973)	49,354,000
Amount outstanding	182,646,000

The unexpended proceeds from Revenue Bond issues amounted to $16,793,588 at June 30, 1973.

Operating revenues from flight fees, rentals, concessions, and other sources (accounted for collectively through the Revenue Fund) are restricted by the Bond Ordinance as to their use for the purposes enumerated in Note B5. For each specified purpose, a separate account is provided within the Revenue Fund.

The financial statements include amounts in respect of Airport facilities paid for by the City, State and Federal Governments, and private parties (totaling approximately $86,100,000 at cost, less allowances for depreciation of approximately $19,000,000 at June 30, 1973), as well as those acquired with proceeds of the Revenue Bonds.

Note B - Accounting Policies:

1. United States Government Securities:

The aggregate market value of the securities at June 30, 1973 was approximately $43,900 in excess of cost; such excess represents the increase ($589,100) in market value from date of purchase to June 30, 1973 of United States Treasury Bills, which have no stated interest rates. Accrued interest is included only on those securities having stated interest rates; discounts and premiums are recognized at time of maturity or disposition.

2. Accounts Receivable:

The Bond Ordinance requires that provision be made for potential uncollectible accounts receivable, which are defined as all accounts receivable not collected within 30 days after due date. Accordingly, as of June 30, 1973, an allowance was established for such accounts totaling $407,962 of which approximately $147,000 was subsequently collected through August 31, 1973.

Note B - Accounting Policies (Continued)

3. Property and Equipment:

The costs of earthwork and landscaping have been charged to the land account. Interest is capitalized from the commencement of work through the year of completion on land improvements provided through the use of City money.

All replacements of vehicles, furnishings, signs, and other equipment are expensed during the year of acquisition in accordance with the terms of the Ordinance.

Grants from State and Federal Governments are recognized only as received. As of June 30, 1973, a maximum of $11,800,000 may be realized in future periods from such grants.

Depreciation is provided in respect of facilities other than land on a straight-line basis, using annual rates calculated to amortize the cost of the individual assets over their estimated useful lives commencing in the year following the year of acquisition or completion of construction.

Under the terms of the Ordinance, only depreciation and amortization applicable to facilities acquired with City money are taken into account in establishing flight fee revenue requirements.

4. Interest on City's Investment in Airport Property:

The Ordinance provides that "Airport expenses", for the purpose of computing flight fees collectible from the airlines, shall take into account interest on money of the City invested in property and equipment and deferred engineering costs. (See Note B5f).

5. Allocation of Operating Revenues:

The Ordinance requires the allocation of revenues for specified purposes in the following order of priority:

a. Ordinary costs of operation and maintenance, but not in excess of the amount budgeted by the City for such purposes.

b. Amounts equal to interest on bonds outstanding. During the six months ended June 30, 1973, interest of $4,976,610 was paid.

c. The debt service reserve must be maintained at an amount equal to two years' interest requirements.

   The debt service reserve for Revenue Bonds issued prior to the Series of 1968 was fully funded in a prior year. In respect to these bonds for which the debt service reserve requirement was fully funded, bonds in the principal amount of $2,441,000 were purchases and retired during the six months ended June 30, 1973; accordingly, the applicable interest requirement for the six months ended June 30, 1973 ($230,515) was transferred to the sinking fund.

5. Allocation of Operating Revenues:

c. (Continued)

During the six months ended June 30, 1973, allocations of $146,625, $929,731, and $158,404 were made to the debt service reserve applicable to the Revenue Bonds, Series of 1968, Series of March, 1970, and Series of 1972, respectively.

d. For the Sinking Fund, a minimum payment ranging from $3,878,000 for 1973 ($1,939,000 for the six months ended June 30, 1973) to $14,545,000 in 1998. Additional amounts are allocable to the Sinking Fund as explained in Note B5c ($230,515 for the six months ended June 30, 1973) and Note B5h ($1,431,784 for the six months ended June 30, 1973). The total amount added to the Sinking Fund from all sources during the six months ended June 30, 1973 was $3,601,299.

e. For reserve maintenance, $1,160,000 annually until $4,833,333 is accumulated. Major repairs, renewals, and replacements may be paid for with these funds. During the six months ended June 30, 1973, expenditures for these purposes totalling $209,789 were made from the account. For the six months ended June 30, 1973, $472,804 was allocated to the reserve maintenance account.

f. For emergency reserve, amounts (total for the six months ended June 30, 1973, $454,214) equal to the semi-annual provisions for (a) depreciation and amortization on assets acquired with City money (for the six months ended June 30, 1973,$108,752) and (b) interest on City money invested in Airport assets (for the six months ended June 30, 1973, $345,462). These funds may be used to abate landing fees in the event the Airport is closed.

g. To the extent that revenues for the year as defined in the Ordinance, including deferred income from the preceding year, exceed "Airport expense" as defined, the excess shall be deferred income and considered as revenues of the next succeeding year. In accordance with this provision, revenues of $9,364,972 for the six months ended June 30, 1973 have been so deferred in the Revenue Fund, to be carried over to reduce flight fee requirements for 1974.

h. Any remaining revenues after making the aforementioned allocations are to be allocated to the sinking fund ($1,431,784 for the six months ended June 30, 1973).

Note C - Revenue Bond Retirement:

Money in the sinking fund account is to be applied as rapidly as practicable to the retirement of bonds, by call, purchase in the open market, or tender.

Note C - Revenue Bond Retirement (Continued):

Bonds may be redeemed by call, from funds provided by Airport Revenues, at prices ranging downward from 105% of principal amount to par value, plus accrued interest, to December 31, 1991, and, thereafter, at par value plus accrued interest. Bonds also may be redeemed by purchase in the open market or tender at prices not in excess of call prices.

From various dates commencing January 1, 1974 (varying with the terms of the individual bond issues) to December 31, 1994, the total bonds outstanding of any issue may also be redeemed from resources other than Airport revenues at various amounts, maximum 2%, of principal amount in excess of the aforementioned call prices; and thereafter, at par value, plus accrued interest.

Through June 30, 1973, bonds in the principal amount of $49,354,000 ($3,184,000 in the six months ended June 30, 1973) have been purchased at a cost (exclusive of bond premium) of $45,223,358 ($2,998,636 in the six months ended June 30, 1973),and retired, with funds provided by the sinking fund. Premiums in the amount of $410,745 ($21,750 in the six months ended June 30, 1973) have been paid on bonds purchased and retired; such premiums were charged to Airport operations in the year of payment. Discounts on bonds retired are retained in the sinking fund and used to retire additional bonds.

Note D - Use of Operating Revenues:

The Bond Ordinance does not permit the use of operating revenues for capital improvements or other expenditures not directly related to the operation of the Airport; however, the Airline Representative has agreed to substantially all such capital improvement expenditures, which have the effect of increasing flight fee requirements.

Note E - Commitments and Contingent Liabilities:

Work to be performed under uncompleted contracts in force for Airport facilities to be financed by Revenue Bond money aggregated approximately $9,200,000 at June 30, 1973.

CITY OF CHICAGO

CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1974

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CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1974

Prepared by the Accounting Division
Office of the City Comptroller
City of Chicago, Illinois
October 8, 1974

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CHICAGO-O'HARE INTERNATIONAL AIRPORT

BALANCE SHEET

JUNE 30, 1974

A S S E T S

AIRPORT PROPERTY & EQUIPMENT (Exhibit B)		
Acquired with City, State, Federal, Revenue Bonds		
Utility, Concessionaire and Airline money:		
Land, other facilities and construction-in-progress at cost	$321,358,032.44	
Less - Allowances for depreciation	90,263,127.52	
	$231,094,904.92	
Engineering cost deferred to future years (being amortized over a 25 year period) less amortization of $908,842.16	317,859.63	$231,412,764.55
CHICAGO-O'HARE INTERNATIONAL AIRPORT CONSTRUCTION FUND:		
(Revenue Bond Proceeds Fund - Exhibit F)		
Cash	$ 230,180.02	
U.S. Government securities at cost	12,915,561.35	
Due to other accounts	(4,427.64)	13,141,313.73
CHICAGO-O'HARE INTERNATIONAL AIRPORT REVENUE FUND:		
(Exhibit C)		
Cash	$ 6,304,056.17	
U.S. Government securities at cost, including accrued interest of $458,050.23	51,779,608.70	
Accounts Receivable - airlines and tenants, less allowance for losses $513,370.95	6,856,461.18	
Due from Corporate Fund	44,120.17	
Due from other accounts	6,798.23	
Prepaid expenses	69,946.66	
Expenditures budgeted in 1973 - not yet incurred at June 30, 1974	4,756,937.99	69,817,929.10
		$314,372,007.38

L I A B I L I T I E S

CHICAGO-O'HARE INTERNATIONAL AIRPORT REVENUE BONDS, due January 1, 1999 (See notes as to Sinking Fund requirements): Authorized $238,000,000.00 - Issued $232,000,000.00		
Outstanding:		
Series of 1959 - 4 3/4%	$78,790,000.00	
Series A of 1961 - 4 3/4%	16,417,000.00	
Series B of 1961 - 4 1/4%	2,518,000.00	
Series of 1967 - 4 1/2%	3,578,000.00	
Series of 1968 - 5%	13,809,000.00	
Series of March, 1970 - 6.8%	49,550,000.00	
Series of 1972 - 6%	8,000,000.00	$172,662,000.00
PAYABLES:		
Chicago-O'Hare International Airport Construction Fund (Exhibit F):		
Accounts and contracts payable		5,376,358.66
Contingent Liabilities - uncompleted contracts (See note E)		
Chicago-O'Hare International Airport Revenue Fund (Exhibit C)		
Accounts payable and accrued expense	$ 5,430,868.17	
Reserve for expenditures budgeted in 1973 - not yet incurred at June 30, 1974	4,756,937.99	10,187,806.16
FUND BALANCES:		
Equities in property and equipment (Exhibit B)		
City funds invested	$16,802,297.96	
City equity arising from retirement of bonds and income on investment before allocation of depreciation	63,608,388.67	
State and Federal funds invested	31,023,089.86	
Utility company, Concessionaire and Airline funds invested	20,218,168.70	
Depreciation on assets acquired with Revenue Bond proceeds	(69,555,422.47)	
Chicago-O'Hare International Airport Revenue Fund (Note 1) (Exhibit C)	59,630,122.94	
Chicago-O'Hare International Airport Construction Fund (Income from Investment)	4,419,196.90	126,145,842.56
		$314,372,007.38

Note 1 - Revenue Fund balance includes $12,107,641.19 representing deferred income to reduce flight fee requirement in 1975.

See notes to financial statements.

( ) Indicates negative amount.

CHICAGO-O'HARE INTERNATIONAL AIRPORT

SUMMARY OF CHANGES IN FUND BALANCES - ALL FUNDS OTHER THAN REVENUE FUNDS

FOR THE SIX MONTHS ENDED JUNE 30, 1974

	Revenue Bond Proceeds Fund Chicago-O'Hare International Airport Construction Fund	Property Funds Assets Acquired with				
		City Funds	State and Federal Funds	Revenue Bonds Proceeds	Utility, Concessionaire & Airline Funds	Total
BALANCE, JANUARY 1, 1974	$9,652,197.51	$17,281,805.40	$31,124,084.89	$163,889,095.78	$20,002,056.61	$232,297,042.68
ADD:						
Interest earned on investments	765,048.40					
Expenditures of City, State, Federal and other money for:						
Land		17,741.13	45,133.73			62,874.86
Other facilities			350,776.17			350,776.17
Amounts equivalent to expenditures:						
From Revenue Fund - Current operations					519,410.24	519,410.24
From Bond Proceeds - Current operations				2,652,290.84		2,652,290.84
Total	$10,417,245.91	$17,299,546.53	$31,519,994.79	$166,541,386.62	$20,521,466.85	$235,882,394.79
DEDUCTIONS:						
Expenditures for:						
Construction	$ 2,652,290.84	$	$	$	$	$
Amounts equivalent to:						
Provision for depreciation on property and equipment		76,804.65	496,904.93	3,172,178.59	303,298.15	4,049,186.32
Amortization of deferred engineering cost		24,534.02				24,534.02
Amounts returned to City (Note A)		395,909.90				395,909.90
Total deductions	$ 2,652,290.84	$ 497,248.57	$ 496,904.93	$ 3,172,178.59	$ 303,298.15	$ 4,469,630.24
BALANCE JUNE 30, 1974	$ 7,764,955.07 (Exhibit F)	$16,802,297.96 (Exhibit A)	$31,023,089.86 (Exhibit A)	$163,369,208.03	$20,218,168.70 (Exhibit A)	$231,412,764.55 (Exhibit A)

Note A - This represents Federal grants-in-aid received in respect of expenditures from City funds for construction.

See notes to financial statements.

EXHIBIT C

CHICAGO-O'HARE INTERNATIONAL AIRPORT

SUMMARY OF CHANGES IN ACCOUNT BALANCES - REVENUE FUND

FOR THE SIX MONTHS ENDED JUNE 30, 1974

	Operation and Maintenance Expense Account	Interest Account	Debt Service Reserve Account	Sinking Fund Account	Reserve Maintenance Account	Emergency Reserve Account	Reduction of Flight Fee Requirements	Revenue Fund Total
BALANCE, JANUARY 1, 1974	$	$	$18,716,181.00	$ 1,065,243.52	$4,833,333.00	$20,358,821.41	$10,772,536.26	$55,746,115.19
ADD:								
Allocation of net revenue (Exhibit E)		4,723,396.64	158,404.00	4,700,345.86		451,311.83	12,107,641.19	22,141,099.52
Income on investments (Note A)					58,343.96	725,326.13		783,670.09
Transfer to the Sinking Fund Account amount in Debt Service Reserve Account which is in excess of Bond Ordinance requirement			(382,150.00)	382,150.00				
	$	$4,723,396.64	$18,492,435.00	$ 6,147,739.38	$4,891,676.96	$21,535,459.37	$22,880,177.45	$78,670,884.80
DEDUCT:								
Applied to reduce 1974 flight fees	$	$	$	$	$	$	$10,772,536.26	$10,772,536.26
Interest on revenue bonds		4,723,396.64						4,723,396.64
Redemption of Chicago-O'Hare International Airport Revenue Bonds (Note B)				3,486,485.00				3,486,485.00
Expenditures from Reserve Maintenance Account for repairs to Airport facilities					58,343.96			58,343.96
	$	$4,723,396.64	$	$ 3,486,485.00	$ 58,343.96	$	$10,772,536.26	$19,040,761.86
BALANCE, JUNE 30, 1974	$	$	$18,492,435.00	$ 2,661,254.38	$4,833,333.00	$21,535,459.37	$12,107,641.19	$59,630,122.94
BALANCE, JUNE 30, 1974 represented by:								
Cash on deposit	$ 6,223,876.40	($ 181,432.83)	($ 6,028.47)	$ 888.14	$ 1,544.64	$ 265,208.29	$	$ 6,304,056.17
Investment in U.S. Government securities	6,428,552.77	222,216.88	18,500,106.51		5,141,996.52	21,028,685.79		51,321,558.47
Accrued interest on U.S. Government securities			202,029.99			256,020.24		458,050.23
Accounts Receivable, less allowances for losses $513,370.95	6,856,461.18							6,856,461.18
Due from Corporate Fund	44,120.17							44,120.17
Due (to) from other accounts	(2,125,306.31)	(40,784.05)	(203,673.03)	2,660,366.24	(269,349.67)	(14,454.95)		6,798.23
Prepaid Expenses	69,946.66							69,946.66
Expenditures budgeted in 1973 - not yet incurred at June 30, 1974	4,756,937.99							4,756,937.99
Contra								
Total	$22,254,588.86	$	$18,492,435.00	$ 2,661,254.38	$4,874,191.49	$21,535,459.37	$	$69,817,929.10
LESS - Accounts payable	5,390,009.68				40,858.49			5,430,868.17
Deferred income to be applied to reduce flight fees of future periods	12,107,641.19						(12,107,641.19)	
Reserve for expenditures budgeted in 1973 not yet incurred at June 30, 1974	4,756,937.99							4,756,937.99
BALANCE, JUNE 30, 1974	$	$	$18,492,435.00	$ 2,661,254.38	$4,833,333.00	$21,535,459.37	$12,107,641.19	$59,630,122.94

Note A - Exclusive of $1,173,793.14 (included in allocation of net revenue) representing interest earned on investments other than those of the Reserve Maintenance and Emergency Reserve Accounts.

Note B - Represents $3,704,000 par value Chicago-O'Hare International Airport Revenue Bonds.

( ) Indicates negative amounts.

See notes to financial statements.

CHICAGO-O'HARE INTERNATIONAL AIRPORT
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
FOR SIX MONTHS ENDED JUNE 30, 1974 AND 1973

	Period 1974	Period 1973	Increase or (Decrease)
REVENUES:			
Flight fees, exclusive of ramp rentals	$10,600,638.41	$12,358,500.02	($1,757,861.61)
Rentals, utility sales, concessions and income from investments	16,017,575.65	13,192,038.34	2,825,537.31
Total	$26,618,214.06	$25,550,538.36	$1,067,675.70
EXPENSES, excluding fixed charges:			
Salaries and wages -			
Department of Aviation - Administrative	$ 259,765.54	$ 214,084.21	$ 45,681.33
Department of Aviation - Operating	4,646,024.08	4,019,249.10	626,774.98
Corporation Counsel's office	48,626.65	48,606.82	19.83
Comptroller's office	30,003.30	27,885.45	2,117.85
Fire department	1,126,044.95	1,018,628.83	107,416.12
Police department	1,545,936.68	1,274,403.15	271,533.53
Indirect administrative and general	387,335.20	334,290.23	53,044.97
	$ 8,043,736.40	$ 6,937,147.79	$1,106,588.61
Fire department supplies and maintenance	2,571.97	1,561.65	1,010.32
Gasoline	23,270.14	10,897.02	12,373.12
Heat, light, power and water	1,237,872.55	1,041,964.88	195,907.67
Insurance - general	211,459.67	234,428.44	(22,968.77)
Insurance - workmen's compensation and disability	40,521.60	31,961.12	8,560.48
Laundry, uniform rental and other cleaning services	34,942.52	40,310.24	(5,367.72)
Materials and supplies	519,316.16	470,606.15	48,710.01
Professional services	995,914.27	699,468.52	296,445.75
Provision for doubtful accounts	(105,393.25)	(139,238.94)	33,845.69
Provision for pensions	741,070.62	589,868.38	151,202.24
Bank service charges	18,288.64	25,459.77	(7,171.13)
Repairs and maintenance	2,149,171.02	2,251,076.63	(101,905.61)
Telephone and telegraph	18,711.67	16,052.00	2,659.67
Travel	6,533.83	2,717.34	3,816.49
Vehicles	32,340.15	97,951.78	(65,611.63)
Machinery and equipment	269,566.07	222,074.43	47,491.64
Miscellaneous	48,744.90	52,489.18	(3,744.28)
Indirect administrative and general expenses:			
Department of Aviation	18,831.43	12,808.24	6,023.19
Other	387,335.20	334,290.23	53,044.97
Total operating expenses, excluding fixed charges	$14,694,805.56	$12,933,894.85	$1,760,910.71
NET OPERATING INCOME BEFORE FIXED CHARGES AND APPLICATION OF REVENUES	$11,923,408.50	$12,616,643.51	($ 693,235.01)

(Continued to next page)

CHICAGO-O'HARE INTERNATIONAL AIRPORT
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
FOR SIX MONTHS ENDED JUNE 30, 1974 AND 1973

	Period 1974	Period 1973	Increase or (Decrease)
NET OPERATING INCOME BEFORE FIXED CHARGES AND APPLICATION OF REVENUES (brought forward)	$11,923,408.50	$12,616,643.51	($693,235.01)
PROVISION FOR FIXED CHARGES:			
Interest on revenue bonds	$ 4,723,396.64	$ 4,976,610.17	($253,213.53)
Premium on bonds retired	35,435.00	21,750.00	13,685.00
Depreciation - all properties	4,049,186.32	4,077,748.45	(28,562.13)
Amortization of deferred engineering charges	24,534.02	24,534.02	
	$ 8,832,551.98	$ 9,100,642.64	($268,090.66)
OPERATING INCOME IN EXCESS OF EXPENSE	$ 3,090,856.52	$ 3,516,000.87	($425,144.35)
OTHER INCOME:			
Income earned on investments:			
Emergency Reserve Account	$ 725,326.13	$ 502,323.79	$223,002.34
Reserve Maintenance Account	58,343.96	136,983.39	(78,639.43)
	$ 783,670.09	$ 639,307.18	$144,362.91
OTHER EXPENSE:			
Operating income expended for: (Note D)			
Capital improvements	$ 519,410.24	$ 764,642.65	($245,232.41)
Expenses for major repairs and maintenance charged to the Reserve Maintenance account	58,343.96	209,788.75	(151,444.79)
	$ 577,754.20	$ 974,431.40	($396,677.20)
OTHER EXPENSE: NET	($ 205,915.89)	$ 335,124.22	($541,040.11)
INCOME IN EXCESS OF EXPENSE (EXHIBIT E)	$ 3,296,772.41	$ 3,180,876.65	$115,895.76

See notes to financial statements.

CHICAGO-O'HARE INTERNATIONAL AIRPORT
RECONCILIATION TO "NET REVENUES"
AS DEFINED IN BOND ORDINANCE
FOR THE SIX MONTHS ENDED JUNE 30, 1974 AND 1973

	1974	1973
Income in excess of expense (Exhibit D)	$ 3,296,772.41	$ 3,180,876.65
Add (deduct) adjustments to reflect ordinance basis of accounting:		
Amounts included above in determination of income and expense:		
Interest on revenue bonds	4,723,396.64	4,976,610.17
Depreciation - all properties	4,049,186.32	4,077,748.45
Amortization of deferred engineering costs	24,534.02	24,534.02
Interest earned on investments of:		
Emergency Reserve Account	(725,326.13)	(502,323.79)
Reserve Maintenance Account	(58,343.96)	(136,983.39)
Expenses of the Reserve Maintenance Account	58,343.96	209,788.75
Amount not included above in determination of income and expense - application of deferred income from preceding year as a reduction of flight fee requirements	10,772,536.26	8,043,892.99
"Net Revenues" as defined in bond ordinance	$22,141,099.52	$19,874,143.85
Allocation of net revenues (In order of priority):		
Interest account	$ 4,723,396.64	$ 4,976,610.17
Debt Service Reserve Account	158,404.00	1,234,760.00
Sinking Fund Account - Minimum sinking fund payment	2,040,000.00	1,939,000.00
Reserve Maintenance Account		472,804.22
Emergency Reserve Account	451,311.83	454,213.52
To reduce flight fee requirements - Future periods	12,107,641.19	9,364,972.11
Remainder of debt service requirements as defined by the Bond Ordinance (allocated to Sinking Fund)	2,660,345.86	1,431,783.83
Total	$22,141,099.52	$19,874,143.85 (Exhibit C)
Total allocation to Sinking Fund Account:		
Minimum payment	$ 2,040,000.00	$ 1,939,000.00
Additional allocation of remaining net revenues	2,660,345.86	1,431,783.83
	$ 4,700,345.86	$ 3,370,783.83

See notes to financial statements.

CHICAGO-O'HARE INTERNATIONAL AIRPORT

DETAILS OF APPLICATION OF PROCEEDS OF REVENUE BONDS

FOR THE SIX MONTHS ENDED JUNE 30, 1974

	Chicago-O'Hare International Airport Construction Fund							
			Construction of March, 1970		Construction of 1972			
	General Construction Prior to 1968	General Construction of 1968	Elevated Garage	Runway 4R-22L and Land	Pedestrian Tunnels and Access Roads	Heating and Refrigeration Plant Expansion	Fueling System Expansion	Total
BALANCE AT JANUARY 1, 1974	$	$2,516,534.71	$ 225,210.15	$3,053,702.95	$1,077,308.41	$1,726,423.80	$1,053,017.49	$ 9,652,197.51
ADDITIONS:								
Interest earned on investments		155,096.49	142,734.08	128,495.87	54,375.75	217,026.97	67,319.24	765,048.40
Total	$	$2,671,631.20	$ 367,944.23	$3,182,198.82	$1,131,684.16	$1,943,450.77	$1,120,336.73	$10,417.245.91
DEDUCTIONS:								
Expenditures for:								
Runways and other facilities		3,361.16	229,535.59	11,043.69	631,465.23	1,776.885.17		2,652,290.84
BALANCE AT JUNE 30, 1974	$	$2,668,270.04	$ 138,408.64	$3,171,155.13	$ 500,218.93	$ 166,565.60	$1,120,336.73	$ 7,764,955.07
Balance at June 30, 1974 represented by:								
Cash on deposit	$ 97.24	$ 4,895.49	$ 155,802.04	$ 5,568.99	$ 64,303.92	($ 3,713.01)	$ 3,225.35	$ 230,180.02
U. S. Government securities at cost		4,385,952.07	2,523,778.84	3,175,386.33	903,475.67	809,857.06	1,117,111.38	12,915,561.35
Total	$ 97.24	$4,390,847.56	$2,679,580.88	$3,180,955.32	$ 967,779.59	$ 806,144.05	$1,120,336,73	$13,145,741.37
Less - Accounts and contracts payable	$ 97.24	$1,722,577.52	$2,541,172.24	$ 9,800.19	$ 466,565.50	$ 636,145.97	$	$ 5,376,358.66
Due to other accounts					995.16	3,432.48		4,427.64
Total	$ 97.24	$1,722,577.52	$2,541,172.24	$ 9,800.19	$ 467,560.66	$ 639,578.45	$	$ 5,380,786.30
Balance	$	$2,668,270.04	$ 138,408.64	$3,171,155.13	$ 500,218.93	$ 166,565.60	$1,120,336.73	$ 7,764,955.07

( ) Indicates amount.
See notes to financial statements.

CHICAGO-O'HARE INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS

Note A - General:

The issuance of Chicago-O'Hare International Airport Revenue Bonds was authorized by an ordinance adopted December 29, 1958, and subsequent supplemental ordinances. The purpose of the issues is to provide funds for the extension and improvement of the Airport and its facilities.

Data with respect to Revenue Bonds as of June 30, 1974 is as follows:

Amount authorized	$238,000,000
Amount sold	232,000,000
Amount called or purchased and retired ($3,704,000 during the six months ending June 30, 1974)	59,338,000
Amount outstanding	172,662,000

The unexpended proceeds from Revenue Bond issues amounted to $7,764,955 at June 30, 1974.

Operating revenues from flight fees, rentals, concessions, and other sources (accounted for collectively through the Revenue Fund) are restricted by the Bond Ordinance as to their use for the purposes enumerated in Note B5. For each specified purpose, a separate account is provided within the Revenue Fund.

The financial statements include amounts in respect of Airport facilities paid for by the City, State and Federal Governments, and private parties (totaling approximately $88,433,000 at cost, less allowances for depreciation of approximately $20,708,000 at June 30, 1974), as well as those acquired with proceeds of the Revenue Bonds.

Note B - Accounting Policies:

1. United States Government Securities:

As of June 30, 1974, the market value of United States Treasury bills exceeded cost by approximately $276,108 and the cost of United States Treasury notes exceeded market value by approximately $603,120. Hence, the aggregate market value of the securities was approximately $327,012 less then cost. Accrued interest is included only on those securities having stated interest rates; discounts and premiums are recognized at time of maturity or disposition.

2. Accounts Receivable:

The Bond Ordinance requires that provision be made for potential uncollectible accounts receivable, which are defined as all accounts receivable not collected within 30 days after due date. Accordingly, as of June 30, 1974, an allowance was established for such accounts totaling $513,370 of which approximately $128,000 was subsequently collected through August 31, 1974.

Note B - Accounting Policies (Continued)

3. Property and Equipment:

The costs of earthwork and landscaping have been charged to the land account. Interest is capitalized from the commencement of work through the year of completion on land improvements provided through the use of City money.

All replacements of vehicles, furnishings, signs, and other equipment are expensed during the year of acquisition in accordance with the terms of the Ordinance.

Grants from State and Federal Governments are recognized only as received. As of June 30, 1974, a maximum of $9,700,000 may be realized in future periods from such grants.

Depreciation is provided in respect of facilities other than land on a straight-line basis, using annual rates calculated to amortize the cost of the individual assets over their estimated useful lives commencing in the year following the year of acquisition or completion of construction.

Under the terms of the Ordinance, only depreciation and amortization applicable to facilities acquired with City money are taken into account in establishing flight fee revenue requirements.

4. Interest on City's Investment in Airport Property:

The Ordinance provides that "airport expenses," for the purpose of computing flight fees collectible from the airlines, shall take into account interest on money of the City invested in property and equipment and deferred engineering costs. (See Note B5f).

5. Allocation of Operating Revenues:

The Ordinance requires the allocation of revenues for specified purposes in the following order of priority:

a. Ordinary costs of operation and maintenance, but not in excess of the amount budgeted by the City for such purposes.

b. Amounts equal to interest on bonds outstanding. During the six months ended June 30, 1974 interest of $4,723,397 was paid.

c. The debt service reserve must be maintained at an amount equal to two years' interest requirements.

During the six months ended June 30, 1974, an allocation of $158,404 was made to the debt service reserve applicable to the Series of 1972 Revenue Bonds.

The debt service reserve for Revenue Bonds issued prior to the Series of 1972 was fully funded in a prior year. In respect to those bonds for which the debt service reserve requirement was fully funded, bonds in the principal amount of $3,704,000 were purchased and retired during the six months ended June 30, 1974. Accordingly, the applicable interest requirement for the six months ended June 30, 1974 ($382,150) was transferred to the sinking fund.

5. Allocation of Operating Revenues: (Continued)

d. For the sinking fund, a minimum payment ranging from $4,080,000 for 1974 ($2,040,000 for the six months ended June 30, 1974) to $14,545,000 in 1998 is required. Additional amounts are allocable to the sinking fund as explained in Note B5C ($382,150 for the six months ended June 30, 1974) and Note B5H ($2,660,346 for the six months ended June 30, 1974). The total amount added to the sinking fund from all sources during the six months ended June 30, 1974 was $5,082,496.

e. The reserve maintenance account was fully funded as of June 30, 1974 at $4,833,333. Major repairs, renewals and replacements may be paid for with these funds. During the six months ended June 30, 1974 expenditures for these purposes totaling $58,344 were made from the account.

f. For emergency reserve, amounts (total for the six months ended June 30, 1974, $451,312) equal to the semi-annual provisions for (a) depreciation and amortization on assets acquired with City money (for the six months ended June 30, 1974, $101,339) and (b) interest on City money invested in airport assets (for the six months ended June 30, 1974, $349,973). These funds may be used to abate landing fees in the event the airport is closed.

g. To the extent that revenues for the year as defined in the Ordinance, including deferred income from the preceding year, exceed "Airport expense" as defined, the excess shall be deferred income and considered as revenues of the next succeeding year. In accordance with this provision, revenues of $12,107,641.19 for the six months ended June 30, 1974 have been so deferred in the Revenue Fund, to be carried over to reduce flight fee requirements for 1975.

h. Any remaining revenues after making the aforementioned allocations are to be allocated to the sinking fund ($2,660,346 for the six months ended June 30, 1974).

Note C - Revenue Bond Retirement:

Money in the sinking fund account is to be applied as rapidly as practicable to the retirement of bonds, by call, purchase in the open market or tender.

Bonds may be redeemed by call, from funds provided by Airport revenues, at prices ranging downward from 105% of principal amount to par value, plus accrued interest, to December 31, 1991, and, thereafter, at par value plus accrued interest. Bonds also may be redeemed by purchase in the open market or tender at prices not in excess of call prices.

Note C - Revenue Bond Retirement (Continued)

From various dates commencing January 1, 1974 (varying with the terms of the individual bond issues) to December 31, 1994, the total bonds outstanding of any issue may also be redeemed from resources other than Airport revenues at various amounts (maximum 2% of principal amount) in excess of the aforementioned call prices, and thereafter, at par value, plus accrued interest.

Through June 30, 1974, bonds in the principal amount of $59,338,000 ($3,704,000 in the six months ended June 30, 1974) have been purchased at a cost (exclusive of bond premium) of $54,661,768 ($3,486,485 in the six months ended June 30, 1974), and retired, with funds provided by the sinking fund. Premiums in the amount of $510,430 ($35,435 in the six months ended June 30, 1974) have been paid on bonds purchased and retired; such premiums were charged to airport operations in the year of payment. Discounts on bonds retired are retained in the sinking fund and used to retire additional bonds.

Note D - Use of Operating Revenues:

The Bond Ordinance does not permit the use of operating revenues for capital improvements or other expenditures not directly related to the operation of the Airport; however, the Airline Representative has agreed to substantially all such capital improvement expenditures, which have the effect of increasing flight fee requirements.

Note E - Commitments:

Work to be performed under uncompleted contracts in force for Airport facilities to be financed by Revenue Bond money aggregated approximately $880,000 at June 30, 1974.

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CITY OF CHICAGO

CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1975

OFFICE OF THE CITY COMPTROLLER

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CITY OF CHICAGO
Richard J. Daley, Mayor

DEPARTMENT OF FINANCE
Room 501, City Hall
Chicago, Illinois 60602

Clark Burrus
City Comptroller
312/744-7100

Robert E. Shaw
First Deputy Comptroller
312/744-3233

CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1975

Prepared by the Accounting Division
Office of the City Comptroller
City of Chicago, Illinois
October 31, 1975

C O N T E N T S

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Exhibit B - Summary of Changes in Fund Balances - All Funds Other than Revenue Fund, for the six months ended June 30, 1975	3
Exhibit C - Summary of Changes in Account Balances - Revenue Fund for the six months ended June 30, 1975	4
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CHICAGO-O'HARE INTERNATIONAL AIRPORT

BALANCE SHEET

JUNE 30, 1975

A S S E T S			L I A B I L I T I E S		
AIRPORT PROPERTY & EQUIPMENT (Exhibit B)			CHICAGO-O'HARE INTERNATIONAL AIRPORT REVENUE BONDS,		
Acquired with City, State, Federal, Revenue Bond,			due January 1, 1999 (See notes as to Sinking Fund		
Utility, Concessionaire and Airline money:			requirements): Authorized $238,000,000.00 - Issued $232,000,000.00		
Land, other facilities and construction-in-progress			Outstanding:		
at cost (Schedules A-1 and A-2)	$337,401,036.54		Series of 1959 - 4 3/4%	$72,318,000.00	
Less - Allowances for depreciation (Schedule A-2)	100,899,857.30		Series A of 1961 - 4 3/4%	15,123,000.00	
	$236,501,179.24		Series B of 1961 - 4 1/4%	2,094,000.00	
			Series of 1967 - 4 1/2%	3,308,000.00	
Engineering cost deferred to future years (being			Series of 1968 - 5%	12,837,000.00	
amortized over a 25 year period) less amortization			Series of March, 1970 - 6.8%	47,190,000.00	
of $957,910.26	268,791.53	$236,769,970.77	Series of 1972 - 6%	7,900,000.00	$160,770,000.00
			PAYABLES:		
			Chicago-O'Hare International Airport Construction Fund		
			(Exhibit F):		
			Accounts and contracts payable	$ 4,564,479.08	
			Due to other funds	7,634.98	
CHICAGO-O'HARE INTERNATIONAL AIRPORT CONSTRUCTION FUND:			Due to other accounts	322.50	4,572,436.56
(Revenue Bond Proceeds Fund - Exhibit F)			Contingent Liabilities - uncompleted contracts		
Cash	$ 348,430.23		(See note E)		
U. S. Government securities at cost	8,776,725.03	9,125,155.26			
			Chicago-O'Hare International Airport Revenue Fund		
			(Exhibit C):		
			Accounts payable and accrued expense	$11,337,660.99	
			Reserve for expenditures budgeted in 1974 -		
			not yet incurred at June 30, 1975	7,019,738.32	18,357,399.31
			FUND BALANCES:		
			Equities in property and equipment (Exhibit B)		
			City funds invested	$16,731,517.90	
			City equity arising from retirement of bonds		
			and income on investment before allocation of		
CHICAGO-O'HARE INTERNATIONAL AIRPORT REVENUE FUND:			depreciation	77,094,684.23	
(Exhibit C)			State and Federal funds invested	33,234,067.68	
Cash	$ 5,142,447.34		Utility company, Concessionaire and Airline funds		
U. S. Government securities at cost, including			invested	28,200,539.64	
accrued interest of $752,395.32	54,220,216.30		Depreciation on assets acquired with Revenue Bond		
Accounts Receivable - airlines and tenants, less			proceeds (Schedule A-2, Page 3)	(78,361,127.87)	
allowance for losses $1,426,354.07	7,042,641.24		Chicago-O'Hare International Airport Revenue Fund		
Due from other funds	135,182.45		(Note 1) (Exhibit C)	55,781,916.89	
Due from other accounts	322.50		Chicago-O'Hare International Airport Construction		
Prepaid expenses	578,768.05		Fund (Income from Investment)	3,653,007.89	136,334,606.36
Expenditures budgeted in 1974 not yet incurred					
at June 30, 1975	7,019,738.32	74,139,316.20			
		$320,034,442.23			$320,034,442.23

Note 1 - Revenue Fund balance includes $7,510,660.60 representing deferred income to reduce flight fee requirement in 1976.

See notes to financial statements.

( ) Indicates negative amount.

EXHIBIT B

CHICAGO-O'HARE INTERNATIONAL AIRPORT

SUMMARY OF CHANGES IN FUND BALANCES - ALL FUNDS OTHER THAN REVENUE FUNDS

FOR THE SIX MONTHS ENDED JUNE 30, 1975

	Revenue Bond Proceeds Fund Chicago-O'Hare International Airport Construction Fund	Property Funds Assets Acquired with				
		City Funds	State and Federal Funds	Revenue Bonds Proceeds	Utility, Concessionaire & Airline Funds	Total
BALANCE, JANUARY 1, 1975	$ 8,263,027.21	$19,145,986.71	$31,242,577.77	$158,641,433.34	$21,168,737.48	$230,198,735.30
ADD:						
Interest earned on investments	285,630.73					
Expenditures of City, State, Federal and other money for:						
Land		16,955.35				16,955.35
Other facilities		145,546.02	2,489,681.85			
Amounts equivalent to expenditures:						
From Revenue Fund - Current operations					7,386,608.63	7,386,608.63
From Bond Proceeds - Current operations				3,995,939.24		3,995,939.24
Total	$ 8,548,657.94	$19,308,488.08	$33,732,259.62	$162,637,372.58	$28,555,346.11	$244,233,466.39
DEDUCTIONS:						
Expenditures for:						
Land	$ 2,475,000.00	$	$	$	$	$
Construction	1,520,939.24					
Amounts equivalent to:						
Provision for depreciation on property and equipment		62,754.29	498,191.94	4,033,527.03	354,806.47	4,949,279.73
Amortization of deferred engineering cost		24,534.04				24,534.04
Amounts returned to City (Note A)		2,489,681.85				2,489,681.85
Total deductions	$ 3,995,939.24	$ 2,576,970.18	$ 498,191.94	$ 4,033,527.03	$ 354,806.47	$ 7,463,495.62
BALANCE, JUNE 30, 1975	$ 4,552,718.70 (Exhibit F)	$16,731,517.90 (Exhibit A)	$33,234,067.68 (Exhibit A)	$158,603,845.55	$28,200,539.64 (Exhibit A)	$236,769,970.77 (Exhibit A)

Note A - This represents Federal grants-in-aid received in respect of expenditures from City funds for construction.

See notes to financial statements.

EXHIBIT C

CHICAGO-O'HARE INTERNATIONAL AIRPORT

SUMMARY OF CHANGES IN ACCOUNT BALANCES - REVENUE FUND

FOR THE SIX MONTHS ENDED JUNE 30, 1975

	Operation and Maintenance Expense Account	Interest Account	Debt Service Reserve Account	Sinking Fund Account	Reserve Maintenance Account	Emergency Reserve Account	Reduction of Flight Fee Requirements	Revenue Fund Total
BALANCE, JANUARY 1, 1975	$	$	$17,722,624.00	$ 8,086.29	$3,663,002.88	$22,979,130.40	$13,730,138.21	$58,102,981.78
ADD:								
Allocation of net revenue (Exhibit E)		4,408,874.20	9,576.00	5,163,696.30	580,000.00	438,745.61	7,510,660.60	18,111,552.71
Income on investments (Note A)					113,974.42	877,797.95		991,772.37
Transfer to the Sinking Fund Account amount in Debt Service Reserve Account which is in excess of Bond Ordinance requirement			(300,055.00)	300,055.00				
	$	$4,408,874.20	$17,432,145.00	$5,471,837.59	$4,356,977.30	$24,295,673.96	$21,240,798.81	$77,206,306.86
DEDUCT:								
Applied to reduce 1975 flight fees	$	$	$	$	$	$	$13,730,138.21	$13,730,138.21
Interest on revenue bonds		4,408,874.20						4,408,874.20
Redemption of Chicago-O'Hare International Airport Revenue Bonds (Note B)				2,703,116.20				2,703,116.20
Expenditures from Reserve Maintenance Account for repairs to Airport facilities					582,261.36			582,261.36
	$	$4,408,874.20	$	$2,703,116.20	$ 582,261.36	$	$13,730,138.21	$21,424,389.97
BALANCE, JUNE 30, 1975	$	$	$17,432,145.00	$2,768,721.39	$3,774,715.94	$24,295,673.96	$ 7,510,660.60	$55,781,916.89
BALANCE, JUNE 30, 1975 represented by:								
Cash on deposit	$ 5,124,742.77	$ 5,909.66	$ 3,803.43	$ 589.23	$ 3,593.28	$ 3,808.97	$	$ 5,142,447.34
Investment in U. S. Government securities	8,075,638.47	87,708.10	17,401,435.41		4,233,036.71	23,670,002.29		53,467,820.98
Accrued interest on U. S. Government securities			131,491.03			620,904.29		752,395.32
Accounts Receivable, less allowances for losses $1,426,354.07	7,042,641.24							7,042,641.24
Due from other funds	135,182.45							135,182.45
Due (to) from other accounts	(2,570,565.44)	(93,617.76)	(104,584.87)	2,768,132.16		958.41		322.50
Prepaid Expenses	578,768.05							578,768.05
Expenditures budgeted in 1974 - not yet incurred at June 30, 1975 Contra	7,019,738.32							7,019,738.32
Total	$25,406,145.86	$	$17,432,145.00	$2,768,721.39	$4,236,629.99	$24,295,673.96	$	$74,139,316.20
LESS - Accounts payable	10,875,746.94				461,914.05			11,337,660.99
Deferred income to be applied to reduce flight fees of future periods	7,510,660.60						(7,510,660.60)	
Reserve for expenditures budgeted in 1974 not yet incurred at June 30, 1975	7,019,738.32							7,019,738.32
BALANCE, JUNE 30, 1975	$	$	$17,432,145.00	$2,768,721.39	$3,774,715.94	$24,295,673.96	$ 7,510,660.60	$55,781,916.89 (Exhibit A)

Note A - Exclusive of $765,671.34 (included in allocation of net revenue) representing interest earned on investments other than those of the Reserve Maintenance and Emergency Reserve Accounts.

Note B - Represents $2,930,000 par value Chicago-O'Hare International Airport Revenue Bonds.

( ) Indicates negative amounts.

See notes to financial statements.

CHICAGO-O'HARE INTERNATIONAL AIRPORT
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
FOR SIX MONTHS ENDED JUNE 30, 1975 AND 1974

	Period 1975	Period 1974	Increase or (Decrease)
REVENUES: (Schedule B-1)			
Flight fees, exclusive of ramp rentals	$13,441,859.02	$10,600,638.41	$2,841,220.61
Rentals, utility sales, concessions and income from investments	16,028,328.75	16,017.575.65	10,753.10
Total	$29,470,187.77	$26,618,214.06	$2,851,973.71
EXPENSES, excluding fixed charges:			
Salaries and wages -			
Department of Aviation - Administrative	$ 292,019.51	$ 259,765.54	$ 32,253.97
Department of Aviation - Operating	5,285,072.80	4,646,024.08	639,048.72
Corporation Counsel's office	54,648.00	48,626.65	6,021.35
Comptroller's office	35,136.90	30,003.30	5,133.60
Fire department	1,237,184.25	1,126,044.95	111,139.30
Police department	1,685,244.73	1,545,936.68	139,308.05
Indirect administrative and general	435,940.52	387,335.20	48,605.32
	$ 9,025,246.71	$ 8,043.736.40	$ 981,510.31
Fire department supplies and maintenance	2,224.01	2,571.97	(347.96)
Gasoline	26,923.11	23,270.14	3,652.97
Heat, light, power and water	1,758,907.34	1,237,872.55	521,034.79
Insurance - general	216,639.66	211,459.67	5,179.99
Insurance - workmen's compensation and disability	38,579.10	40,521.60	(1,942.50)
Laundry, uniform rental and other cleaning services	51,310.14	34,942.52	16,367.62
Materials and supplies	890,316.06	519,316.16	370,999.90
Professional services	1,123,940.94	995,914.27	128,026.67
Provision for doubtful accounts	199,181.41	(105,393.25)	304,574.66
Provision for pensions	846,196.64	741,070.62	105,126.02
Bank service charges	9,308.59	18,288.64	(8,980.05)
Repairs and maintenance	2,908,863.78	2,149,171.02	759,692.76
Telephone and telegraph	25,985.75	18,711.67	7,274.08
Travel	3,040.03	6,533.83	(3,493.80)
Vehicles	13,620.95	32,340.15	(18,719.20)
Machinery and equipment	66,716.23	269,566.07	(202,849.84)
Miscellaneous	26,532.85	48,744.90	(22,212.05)
Indirect administrative and general expenses:			
Department of Aviation	24,415.82	18,831.43	5,584.39
Other	435,940.52	387,335.20	48,605.32
Total operating expenses, excluding fixed charges	$17,693,889.64	$14,694,805.56	$2,999,084.08
NET OPERATING INCOME BEFORE FIXED CHARGES AND APPLICATION OF REVENUES	$11,776,298.13	$11,923,408.50	($ 147,110.37)

(Continued to next page)

CHICAGO-O'HARE INTERNATIONAL AIRPORT
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
FOR SIX MONTHS ENDED JUNE 30, 1975 AND 1974

	Period 1975	Period 1974	Increase or (Decrease)
NET OPERATING INCOME BEFORE FIXED CHARGES AND APPLICATION OF REVENUES (brought forward)	$11,776,298.13	$11,923,408.50	($ 147,110.37)
PROVISION FOR FIXED CHARGES:			
Interest on revenue bonds	$ 4,408,874.20	$ 4,723,396.64	($ 314,522.44)
Premium on bonds retired	8,275.00	35,435.00	(27,160.00)
Depreciation - all properties (Schedule A-2)	4,949,279.73	4,049,186.32	900,093.41
Amortization of deferred engineering charges	24,534.02	24,534.02	-
	$ 9,390,962.95	$ 8,832,551.98	$ 558,410.97
OPERATING INCOME IN EXCESS OF EXPENSE	$ 2,385,335.18	$ 3,090,856.52	($ 705,521.34)
OTHER INCOME:			
Income earned on investments:			
Emergency Reserve Account	$ 877,797.95	$ 725,326.13	$ 152,471.82
Reserve Maintenance Account	113,974.42	58,343.96	55,630.46
	$ 991,772.37	$ 783,670.09	$ 208,102.28
OTHER EXPENSE:			
Operating income expended for: (Note D)			
Capital improvements	$ 7,386,608.63	$ 519,410.24	$6,867,198.39
Expenses for major repairs and maintenance charged to the Reserve Maintenance account	582,261.36	58,343.96	523,917.40
	$ 7,968,869.99	$ 577,754.20	$7,391,115.79
OTHER EXPENSE: NET	$ 6,977,097.62	($ 205,915.89)	($7,183,013.51)
INCOME IN EXCESS OF EXPENSE (EXHIBIT E)	($ 4,591,762.44)	$ 3,296,772.41	($7,888,534.85)

See notes to financial statements.

CHICAGO-O'HARE INTERNATIONAL AIRPORT
RECONCILIATION TO "NET REVENUES"
AS DEFINED IN BOND ORDINANCE
FOR THE SIX MONTHS ENDED JUNE 30, 1975 AND 1974

	1975	1974
ncome in excess of expense (Exhibit D)	($ 4,591,762.44)	$ 3,296,772.41
dd (deduct) adjustments to reflect ordinance basis of accounting:		
Amounts included above in determination of income and expense:		
Interest on revenue bonds	4,408,874.20	4,723,396.64
Depreciation - all properties	4,949,279.73	4,049,186.32
Amortization of deferred engineering costs	24,534.02	24,534.02
Interest earned on investments of:		
Emergency Reserve Account	(877,797.95)	(725,326.13)
Reserve Maintenance Account	(113,974.42)	(58,343.96)
Expenses of the Reserve Maintenance Account	582,261.36	58,343.96
Amount not included above in determination of income and expense - application of deferred income from preceding year as a reduction of flight fee requirements	13,730,138.21	10,772,536.26
"Net Revenues" as defined in bond ordinance	$18,111,552.71	$22,141,099.52
llocation of net revenues (In order of priority):		
Interest account	$ 4,408,874.20	$ 4,723,396.64
Debt Service Reserve Account	9,576.00	158,404.00
Sinking Fund Account - Minimum sinking fund payment	2,226,000.00	2,040,000.00
Reserve Maintenance Account	580,000.00	-
Emergency Reserve Account	438,745.61	451,311.83
To reduce flight fee requirements - Future periods	7,510,660.60	12,107,641.19
Remainder of debt service requirements as defined by the Bond Ordinance (allocated to Sinking Fund)	2,937,696.30	2,660,345.86
Total	$18,111,552.71 (Exhibit C)	$22,141,099.52
otal allocation to Sinking Fund Account:		
Minimum payment	$ 2,226,000.00	$ 2,040,000.00
Additional allocation of remaining net revenues	2,937,696.30	2,660,345.86
	$ 5,163,696.30	$ 4,700,345.86

ee notes to financial statements.

EXHIBIT F

CHICAGO-O'HARE INTERNATIONAL AIRPORT

DETAILS OF APPLICATION OF PROCEEDS OF REVENUE BONDS

FOR THE SIX MONTHS ENDED JUNE 30, 1975

	Chicago-O'Hare International Airport Construction Fund						
		Construction of March, 1970		Construction of 1972			
	General Construction of 1968	Elevated Garage	Runway 4R-22L and Land	Pedestrian Tunnels and Access Roads	Heating and Refrigeration Plant Expansion	Fueling System Expansion	Total
BALANCE AT JANUARY 1, 1975	$ 2,854,298.97	$ 317,910.97	$ 3,281,967.54	$ 347,192.06	$ 300,393.36	$ 1,161,264.31	$ 8,263,027.21
ADDITIONS:							
Interest earned on investments	81,565.64	38,862.95	111,519.00	9,811.97	6,609.58	37,261.59	285,630.73
Total	$ 2,935,864.61	$ 356,773.92	$ 3,393,486.54	$ 357,004.03	$ 307,002.94	$ 1,198,525.90	$ 8,548,657.94
DEDUCTIONS:							
Expenditures for:							
Land, runways and other facilities	-	120,488.63	3,393,486.54	33,708.56	18,357.04	429,898.47	3,995,939.24
BALANCE AT JUNE 30, 1975	$ 2,935,864.61	$ 236,285.29	$ -	$ 323,295.47	$ 288,645.90	$ 768,627.43	$ 4,552,718.70
Balance at June 30, 1975 represented by:							
Cash on deposit	$ 9,914.77	$ 183,459.57	$ 2,313.36	$ 8,255.27	$ 142,202.61	$ 2,284.65	$ 348,430.23
U. S. Government securities at cost	2,933,907.32	1,318,207.25	2,486,506.46	346,194.00	495,668.75	1,196,241.25	8,776,725.03
Total	$ 2,943,822.09	$ 1,501,666.82	$ 2,488,819.82	$ 354,449.27	$ 637,871.36	$ 1,198,525.90	$ 9,125,155.26
Less - Accounts and contracts payable	$ -	$ 1,265,381.53	$ 2,488,819.82	$ 31,153.80	$ 349,225.46	$ 429,898.47	$ 4,564,479.08
Due to other funds	7,634.98						7,634.98
Due to other accounts	322.50						322.50
Total	$ 7,957.48	$ 1,265,381.53	$ 2,488,819.82	$ 31,153.80	$ 349,225.46	$ 429,898.47	$ 4,572,436.56
Balance	$ 2,935,864.61	$ 236,285.29	$ -	$ 323,295.47	$ 288,645.90	$ 768,627.43	$ 4,552,718.70

(Exhibit B)

See notes to financial statements.

CHICAGO-O'HARE INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS

Note A - General:

The issuance of Chicago-O'Hare International Airport Revenue Bonds was authorized by an ordinance adopted December 29, 1958, and subsequent supplemental ordinances. The purpose of the issues is to provide funds for the extension and improvement of the Airport and its facilities.

Data with respect to Revenue Bonds as of June 30, 1975 is as follows:

Amount authorized	$238,000,000
Amount sold	232,000,000
Amount called or purchased and retired ($2,930,000 during the six months ended June 30, 1975)	71,230,000
Amount outstanding	160,770,000

The unexpended proceeds from Revenue Bond issues amounted to $4,552,719 at June 30, 1975.

Operating revenues from flight fees, rentals, concessions, and other sources (accounted for collectively through the Revenue Fund) are restricted by the Bond Ordinance as to their use for the purposes enumerated in Note B5. For each specified purpose, a separate account is provided within the Revenue Fund.

The financial statements include amounts in respect of Airport facilities paid for by the City, State and Federal Governments, and private parties (totaling approximately $100,436,000 at cost, less allowances for depreciation of approximately $22,539,000 at June 30, 1975), as well as those acquired with proceeds of the Revenue Bonds.

Note B - Accounting Policies:

1. United States Government Securities:

As of June 30, 1975, the market value of United States Treasury bills exceeded cost by approximately $166,503 and the cost of United States Treasury notes exceeded market value by approximately $40,201. Hence, the aggregate market value of the securities was approximately $126,302 more than cost. Accrued interest is included only on those securities having stated interest rates; discounts and premiums are recognized at time of maturity or disposition.

2. Accounts Receivable:

The Bond Ordinance requires that provision be made for potential uncollectible accounts receivable, which are defined as all accounts receivable not collected within 30 days after due date. Accordingly, as of June 30, 1975, an allowance was established for such accounts totaling $1,426,354 of which approximately $301,584 was subsequently collected through August 31, 1975.

Note B - Accounting Policies (Continued)

3. Property and Equipment:

The costs of earthwork and landscaping have been charged to the land account. Interest is capitalized from the commencement of work through the year of completion on land improvements provided through the use of City money.

All replacements of vehicles, furnishings, signs, and other equipment are expensed during the year of acquisition in accordance with the terms of the Ordinance.

Grants from State and Federal Governments are recognized only as received. As of June 30, 1975, a maximum of $9,176,000 may be realized in future periods from such grants.

Depreciation is provided in respect of facilities other than land on a straight-line basis, using annual rates calculated to amortize the cost of the individual assets over their estimated useful lives commencing in the year following the year of acquisition or completion of construction.

Under the terms of the Ordinance, only depreciation and amortization applicable to facilities acquired with City money are taken into account in establishing flight fee revenue requirements.

4. Interest on City's Investment in Airport Property:

The Ordinance provides that "airport expenses," for the purpose of computing flight fees collectible from the airlines, shall take into account interest on money of the City invested in property and equipment and deferred engineering costs. (See Note B5f).

5. Allocation of Operating Revenues:

The Ordinance requires the allocation of revenues for specified purposes in the following order of priority:

a. Ordinary costs of operation and maintenance, but not in excess of the amount budgeted by the City for such purposes.

b. Amounts equal to interest on bonds outstanding. During the six months ended June 30, 1975 interest of $4,408,874 was paid.

c. The debt service reserve must be maintained at an amount equal to two years' interest requirements.

   During the six months ended June 30, 1975, an allocation of $9,576 was made to the debt service reserve applicable to the Series of 1972 Revenue Bonds.

   The debt service reserve requirement was fully funded as of June 30, 1975. Bonds in the principal amount of $2,930,000 were purchased and retired during the six months ended June 30, 1975; accordingly, the applicable interest requirement for these bonds ($300,055) was transferred to the sinking fund.

5. Allocation of Operating Revenues: (Continued)

d. For the sinking fund, a minimum payment ranging from $4,452,000 for 1975 ($2,226,000 for the six months ended June 30, 1975) to $14,545,000 in 1998 is required. Additional amounts are allocable to the sinking fund as explained in Note B5C ($300,055 for the six months ended June 30, 1975) and Note B5H ($2,937,696 for the six months ended June 30, 1975). The total amount added to the sinking fund from all sources during the six months ended June 30, 1975 was $5,463,751.

e. For reserve maintenance, $1,160,000 is funded annually ($580,000 for the six months ended June 30, 1975) until $4,833,334 is accumulated. Major repairs, renewals and replacements may be paid for with these funds. During the six months ended June 30, 1975, expenditures for these purposes totaling $582,261 were made from this account.

f. For emergency reserve, amounts (total for the six months ended June 30, 1975, $438,746) equal to the semi-annual provisions for (a) depreciation and amortization on assets acquired with City money (for the six months ended June 30, 1975, $87,289) and (b) interest on City money invested in airport assets (for the six months ended June 30, 1975, $351,457). These funds may be used to abate landing fees in the event the airport is closed.

g. To the extent that revenues for the year as defined in the Ordinance, including deferred income from the preceding year, exceed "Airport expense" as defined, the excess shall be deferred income and considered as revenues of the next succeeding year. In accordance with this provision, revenues of $7,510,661 for the six months ended June 30, 1975 have been so deferred in the Revenue Fund, to be carried over to reduce flight fee requirements for 1976.

h. Any remaining revenues after making the aforementioned allocations are to be allocated to the sinking fund ($2,937,696 for the six months ended June 30, 1975).

Note C - Revenue Bond Retirement:

Money in the sinking fund account is to be applied as rapidly as practicable to the retirement of bonds, by call, purchase in the open market or tender.

Bonds may be redeemed by call, from funds provided by Airport revenues, at prices ranging downward from 105% of principal amount to par value, plus accrued interest, to December 31, 1991, and, thereafter, at par value plus accrued interest. Bonds also may be redeemed by purchase in the open market or tender at prices not in excess of call prices.

From various dates commencing January 1, 1975 (varying with the terms of the individual bond issues) to December 31, 1994, the total bonds outstanding of any issue may also be redeemed from resources other than Airport revenues at various amounts (maximum 2% of principal amount) in excess of the aforementioned call prices, and thereafter, at par value, plus accrued interest.

Note C - Revenue Bond Retirement (Continued)

Through June 30, 1975, bonds in the principal amount of $71,230,000 ($2,930,000 in the six months ended June 30, 1975) have been purchased at a cost (exclusive of bond premium) of $65,801,984 ($2,703,116 in the six months ended June 30, 1975), and retired, with funds provided by the sinking fund. Premiums in the amount of $528,890 ($8,275 in the six months ended June 30, 1975) have been paid on bonds purchased and retired; such premiums were charged to airport operations in the year of payment. Discounts on bonds retired are retained in the sinking fund and used to retire additional bonds.

Note D - Use of Operating Revenues:

The Bond Ordinance does not permit the use of operating revenues for capital improvements or other expenditures not directly related to the operation of the Airport; however, the Airline Representative has agreed to substantially all such capital improvement expenditures, which have the effect of increasing flight fee requirements.

Note E - Commitments:

Work to be performed under uncompleted contracts in force for Airport facilities to be financed by Revenue Bond money aggregated approximately $828,770 at June 30, 1975.

CITY OF CHICAGO

CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1976

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Y OF CHICAGO
hard J. Daley, Mayor

PARTMENT OF FINANCE
m 501, City Hall
cago, Illinois 60602

rk Burrus
Comptroller
744-7100

ert E. Shaw
Deputy Comptroller
744-3233

CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1976

Prepared by the Accounting Division
Office of the City Comptroller
City of Chicago, Illinois
December 7, 1976

ITY OF CHICAGO
ichard J. Daley, Mayor

EPARTMENT OF FINANCE
oom 501, City Hall
hicago, Illinois 60602

lark Burrus
y Comptroller
2/744-7100

obert E. Shaw
st Deputy Comptroller
2/744-3233

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CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

BALANCE SHEET
JUNE 30, 1976

EXHIBIT A

ASSETS

CURRENT ASSETS:			
Operation and Maintenance Account:			
Cash - City Treasurer			$ 3,028,633.09
Cash - Bank Trustee			609,722.55
U.S. Treasury Bills (Note 1A)			1,249,342.50
Accounts Receivable (Note 1B)		$ 10,308,632.73	
Less - Allowance for Doubtful Accounts		1,693,586.91	8,615,045.82
Due from Other Funds			111,141.05
Prepaid Insurance			524,402.66
Total Current Assets			$ 14,138,287.67
RESTRICTED ASSETS:			
Special Accounts:			
Cash - City Treasurer	$ 43,644.04		
Cash - Bank Trustee	5,842,641.01		
U.S. Treasury Bills (Note 1A)	11,161,691.76		
U.S. Treasury Notes (Note 1A)	37,111,835.95		
Accrued Interest Receivable on U.S. Treasury Notes	580,485.24		
Due from Other Funds	127,396.14		
Due from Operation and Maintenance Account	2,871,790.99	$ 57,739,485.13	
Construction Accounts:			
Cash - City Treasurer	$ 29,108.13		
Cash - Bank Trustee	14,504.34		
U.S. Treasury Bills (Note 1A)	4,537,033.16	4,580,645.63	
Total Restricted Assets			62,320,130.76
FIXED ASSETS: (Notes 1C and 1D):			
Land		$ 48,548,250.51	
Buildings and Other Facilities	$286,385,782.20		
Less - Allowance for Depreciation	111,096,988.04	175,288,794.16	
Construction in Progress		12,367,867.53	
Total Fixed Assets			236,204,912.20
OTHER ASSETS: (Notes 1C and 1D):			
Deferred Engineering Costs		$ 1,226,701.79	
Less - Amortization		1,006,978.34	219,723.45
Total Assets			$312,883,054.08

LIABILITIES, RESERVES, CONTRIBUTIONS AND RETAINED EARNINGS

CURRENT LIABILITIES (Payable from Current Assets):		
Revenue Bonds Payable - Due within One Year		$ 2,338,000.
Vouchers and Accounts Payable		5,580,018.
Due to Special Accounts		2,871,790.
		$ 10,789,809.
CURRENT LIABILITIES (Payable from Restricted Assets):		
Special Accounts:		
Vouchers and Accounts Payable	$ 4,283,700.61	
ConstructionAccounts:		
Vouchers and Accounts Payable	166,623.46	4,450,324.
Total Current Liabilities		$ 15,240,134.
LONG-TERM LIABILITIES:		
Revenue Bonds Payable (Note 2)	$148,259,000.00	
Less - Portion Due within One Year	2,338,000.00	145,921,000.
RESERVES (Exhibit C):		
Debt Service	$ 16,123,925.00	
Revenue Bond Retirement	3,006,997.54	
Reserve Maintenance	1,831,452.49	
Emergency Reserve	26,995,078.33	
Matured Interest on Revenue Bonds	5,473,194.91	
Matured Revenue Bonds	25,136.25	
Construction	4,414,022.17	
Total Reserves		57,869,806.
CONTRIBUTIONS (Exhibit D):		
City of Chicago	$ 22,629,011.36	
State and Federal	32,378,566.36	
Public Utility, Concessionaire and Airline	30,533,359.26	
Total Contributions		85,540,936.
RETAINED EARNINGS (Exhibit E)		8,311,176.
Total Liabilities, Reserves, Contributions and Retained Earnings		$312,883,054.

Note - Retained Earnings include $5,686,477.73 which represent, in accordance with the Revenue Bond Ordinance, deferred income to reduce 1977 flight fees.

Note - Contract commitments, encumbered in 1975, to be financed by the Operation and Maintenance Account totaled $5,142,340.15 at June 30, 1976.

See notes to financial statements.

EXHIBIT B

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

COMPARATIVE STATEMENT OF REVENUE AND EXPENSE
FOR THE SIX MONTHS ENDED JUNE 30, 1976 AND 1975

	Six Months Ended June 30, 1976	1975
PERATING REVENUES (Note 1-E):		
Flight Fees, less Ramp Rental Credit of $2,795,070.00	$14,976,274.06	$13,441,859.02
Rent, Concessions, and Utilities	16,234,111.16	15,262,657.41
Total Operating Revenues	$31,210,385.22	$28,704,516.43
PERATING EXPENSES:		
Salaries and Wages	$ 9,705,770.09	$ 9,025,246.71
Depreciation	5,247,851.40	4,949,279.73
Amortization of Deferred Engineering Costs	24,534.04	24,534.02
Repairs and Maintenance - Including Expenditures from Reserve Maintenance Account	3,255,591.91	3,491,125.14
Other Operating Expenses	6,448,352.08	5,759,779.15
Total Operating Expenses	$24,682,099.52	$23,249,964.75
Net Operating Income	$ 6,528,285.70	$ 5,454,551.68
DD: NON-OPERATING INCOME:		
Interest Earned on Investments:		
Unrestricted	$ 742,378.32	$ 765,671.34
Restricted	1,240,936.47	1,277,403.10
Total Non-Operating Income	$ 1,983,314.79	$ 2,043,074.44
Total Income	$ 8,511,600.49	$ 7,497,626.12
ESS: NON-OPERATING EXPENSE:		
Interest on Revenue Bonds	$ 4,133,269.97	$ 4,408,874.20
Premium on Revenue Bonds Retired	45,750.00	8,275.00
Total Non-Operating Expense	$ 4,179,019.97	$ 4,417,149.20
Net Income	$ 4,332,580.52	$ 3,080,476.92
DD (DEDUCT) ADJUSTMENTS TO REFLECT ORDINANCE BASIS OF ACCOUNTING:		
Depreciation	5,247,851.40	4,949,279.73
Amortization of Deferred Engineering Costs	24,534.04	24,534.02
Expenditures from Reserve Maintenance Account	161,958.53	582,261.36
Interest earned on Investments - Restricted	(1,240,936.47)	(1,277,403.10)
Interest on Revenue Bonds	4,133,269.97	4,408,874.20
Allocation of Revenues:		
Revenue Bond Interest	(4,133,269.97)	(4,408,874.20)
Debt Service	-	(9,576.00)
Revenue Bond Retirement	(5,448,876.53)	(5,163,696.30)
Reserve Maintenance	(580,000.00)	(580,000.00)
Emergency Reserve	(541,657.11)	(438,745.61)
Expenditures of Operating Revenue for Capital Improvements (Note 1C3)	(1,357,968.99)	(7,386,608.63)
CREASE (DECREASE) IN DEFERRED INCOME TO REDUCE FUTURE FLIGHT FEES - TO RETAINED EARNINGS	$ 597,485.39	($ 6,219,477.61)

e notes to financial statements.

EXHIBIT C

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

ANALYSIS OF CHANGES IN RESERVES
FOR THE SIX MONTHS ENDED JUNE 30, 1976

	Revenue Bond Interest	Debt Service	Revenue Bond Retirement	Reserve Maintenance	Emergency Reserve	Matured Interest on Revenue Bonds	Matured Revenue Bonds	Construction	Total
BALANCE - JANUARY 1, 1976	$ -	$16,742,000.00	$2,631,170.41	$1,356,153.97	$25,392,160.56	$4,648,437.50	$36,010.00	$4,348,448.85	$55,154,381.29
Add:									
Allocation of Net Revenue	$4,133,269.97	$ -	$5,448,876.53	$ 580,000.00	$ 541,657.11	$ -	$ -	$ -	$10,703,803.61
Interest Earned on Investments - Restricted	-	-	-	57,257.05	1,061,260.66	-	-	122,418.76	1,240,936.47
Transfer from Debt Service Account	-	(618,075.00)	618,075.00	-	-	-	-	-	-
Transfer from Revenue Bond Interest Account	(4,030,981.25)	-	-	-	-	4,030,981.25	-	-	-
Total	$ 102,288.72	($ 618,075.00)	$6,066,951.53	$ 637,257.05	$ 1,602,917.77	$4,030,981.25	$ -	$ 122,418.76	$11,944,740.08
Balance	$ 102,288.72	$16,123,925.00	$8,698,121.94	$1,993,411.02	$26,995,078.33	$8,679,418.75	$36,010.00	$4,470,867.61	$67,099,121.37
Less:									
Purchase of Chicago-O'Hare International Airport Revenue Bonds	$ 102,288.72	$ -	$5,691,124.40	$ -	$ -	$ -	$ -	$ -	$ 5,793,413.12
Expenditures by Bank Trustee during the six months ended June 30, 1976 for retirement of bonds and payment of coupons	-	-	-	-	-	3,206,223.84	10,873.75	-	3,217,097.59
Expenditures from Reserve Maintenance Account	-	-	-	161,958.53	-	-	-	-	161,958.53
Expenditures for Fixed Assets Acquired with Revenue Bond Money	-	-	-	-	-	-	-	56,845.44	56,845.44
Total	$ 102,288.72	$ -	$5,691,124.40	$ 161,958.53	$ -	$3,206,223.84	$10,873.75	$ 56,845.44	$ 9,229,314.68
BALANCE - JUNE 30, 1976	$ -	$16,123,925.00	$3,006,997.54	$1,831,452.49	$26,995,078.33	$5,473,194.91	$25,136.25	$4,414,022.17	$57,869,806.69

See notes to financial statements.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT
ANALYSIS OF CHANGES IN CONTRIBUTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 1976

	City of Chicago	State and Federal	Public Utility Concessionaire and Airline	Total
BALANCE - January 1, 1976	$21,910,590.09	$32,883,975.83	$29,620,780.85	$84,415,346.77
ADD:				
Increase in Fixed Assets Acquired with				
City Money	$ 877,374.48	$	$	$ 877,374.48
State and Federal Money (Note 1 C2)	(44,674.33)	44,674.33		-
Public Utility, Concessionaire and Airline Money			1,357,968.99	1,357,968.99
Total	$ 832,700.15	$ 44,674.33	$1,357,968.99	$2,235,343.47
Balance	$22,743,290.24	$32,928,650.16	$30,978,749.84	$86,650,690.24
Less:				
Provision for Depreciation	$ 89,744.84	$ 550,083.80	$ 445,390.58	$ 1,085,219.22
Amortization of Deferred Engineering Costs	24,534.04			24,534.04
Total	$ 114,278.88	$ 550,083.80	$ 445,390.58	$ 1,109,753.26
BALANCE - June 30, 1976	$22,629,011.36	$32,378,566.36	$30,533,359.26	$85,540,936.98

See notes to financial statements

EXHIBIT E

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

ANALYSIS OF CHANGES IN RETAINED EARNINGS
JUNE 30, 1976

	Deferred Income to Reduce Future Flight Fees	City Equity	Total
BALANCE - JANUARY 1, 1976	$5,088,992.34	$ 766,485.41	$ 5,855,477.75
Add:			
Increase in Deferred Income to Reduce Future Flight Fees	$ 597,485.39	$ -	597,485.39
Increase in Fixed Assets Acquired with Revenue Bond Money	-	56,845.44	56,845.44
Revenue Bonds Retired during the six months ended June 30, 1976	-	5,964,000.00	5,964,000.00
Total	$ 597,485.39	$6,020,845.44	$ 6,618,330.83
Balance	$5,686,477.73	$6,787,330.85	$12,473,808.58
Less:			
Provision for Depreciation of Assets Acquired with Revenue Bond Money	-	4,162,632.18	4,162,632.18
BALANCE - June 30, 1976	$5,686,477.73	$2,624,698.67	$ 8,311,176.40

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

RECONCILIATION TO "NET REVENUES" AS DEFINED
IN REVENUE BOND ORDINANCE
FOR THE SIX MONTHS ENDED JUNE 30, 1976 AND 1975

	Six Months Ended June 30, 1976	1975
ET INCOME	$ 4,332,580.52	$ 3,080,476.92
DD OR (DEDUCT) ADJUSTMENTS TO REFLECT ORDINANCE BASIS OF ACCOUNTING:		
Amounts Included Above in Determination of Net Income:		
Depreciation	5,247,851.40	4,949,279.73
Amortization of Deferred Engineering Costs	24,534.04	24,534.02
Expenditures from Reserve Maintenance Account	161,958.53	582,261.36
Interest Earned on Investments - Restricted	(1,240,936.47)	(1,277,403.10)
Interest on Revenue Bonds	4,133,269.97	4,408,874.20
Amounts Not Included Above in Determination of Net Income:		
Expenditures of Operating Revenue for Capital Improvements (Note 1C3)	(1,357,968.99)	(7,386,608.63)
Application of Deferred Income from Preceding Year as Reduction of Flight Fees	5,088,992.34	13,730,138.21
NET REVENUES" AS DEFINED IN BOND ORDINANCE	$16,390,281.34	$18,111,552.71
LLOCATION OF "NET REVENUES" IN ORDER OF PRIORITY (Note 1F):		
Revenue Bond Interest	$ 4,133,269.97	$ 4,408,874.20
Debt Service	-	9,576.00
Revenue Bond Retirement - Minimum Payment	2,338,000.00	2,226,000.00
Reserve Maintenance	580,000.00	580,000.00
Emergency Reserve	541,657.11	438,745.61
Deferred Income to Reduce Flight Fees in Following Year	5,686,477.73	7,510,660.60
Remainder - Additional Allocation to Revenue Bond Retirement	3,110,876.53	2,937,696.30
OTAL ALLOCATION OF "NET REVENUES"	$16,390,281.34	$18,111,552.71

ee notes to financial statements.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT
ANALYSIS OF CHANGES IN RESERVE FOR CONSTRUCTION
FOR THE SIX MONTHS ENDED JUNE 30, 1976

	General Construction of 1968	Elevated Garage	Pedestrian Tunnels and Access Road	Heating and Refrigeration Plant Expansion	Fueling System Expansion	Total
Balance - January 1, 1976	$3,024,965.44	$565,371.88	$317,574.15	$252,682.50	$187,854.88	$4,348,448.85
Add:						
Interest Earned on Investments - Restricted	79,181.84	21,429.31	8,477.03	9,429.02	3,901.56	122,418.76
Balance	$3,104,147.28	$586,801.19	$326,051.18	$262,111.52	$191,756.44	$4,470,867.61
Less:						
Expenditures for Fixed Assets Acquired with Revenue Bond Money			39,362.03	17,483.41		56,845.44
BALANCE - JUNE 30, 1976	$3,104,147.28	$586,801.19	$286,689.15	$244,628.11	$191,756.44	$4,414,022.17

See notes to financial statements.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1976

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

A. United States Treasury Bills and Treasury Notes:

Investments in these securities are carried at cost. Interest is accrued only on those securities having stated interest rates, i. e., Treasury Notes. Discounts and premiums are recognized at the time of maturity or sale. The aggregate market value of securities at June 30, 1976, was $301,107.37 in excess of cost. Components of this excess are as follows:

	Cost	Market
Operation and Maintenance Account:		
Treasury Bills	$ 1,249,342.50	$ 1,254,711.70
Special Accounts:		
Treasury Bills	11,161,691.76	11,222,898.22
Treasury Notes	37,111,835.95	37,326,368.20
Construction Accounts:		
Treasury Bills	4,537,033.16	4,557,032.62
Total	$54,059,903.37	$54,361,010.74

B. Accounts Receivable:

In accordance with the Revenue Bond Ordinance, all accounts receivable uncollected for a period of thirty days after due date are considered uncollectible and are to be provided for. As of June 30, 1976, an allowance of $1,693,586.91 is recorded for these accounts. Approximately $293,000.00 of this amount was subsequently collected through October 31, 1976.

C. Fixed Assets and Other Assets:

All fixed assets and other assets are recorded at cost. Land includes the costs of earthwork and landscaping. The financial statements reflect fixed assets and other assets acquired with Revenue Bond money and with money from other sources. These sources are:

City money
State and Federal money
Public Utility, Concessionaire and Airline money

C. Fixed Assets and Other Assets (Continued):

At June 30, 1976, the gross amount of those assets acquired with money from other sources is $111,087,616.50 less allowances for depreciation and amortization of $25,546,679.52. The net amount of these assets is reflected by source in the "Contributions" section of the Balance Sheet.

1. Fixed assets acquired with City money include capitalized interest for the use of City money. Interest is capitalized from the commencement of the land improvement or construction activity through the year of completion.

2. Fixed assets acquired with State and Federal money represent grants received that are reimbursements to the City for fixed assets acquired with City money. These grants are recognized only as received. As of June 30, 1976, a maximum of $8,449,099.92 may be realized in future periods from such grants.

3. Fixed assets acquired with Public Utility, Concessionaire and Airline money are comprised of direct reimbursements and amounts expended directly and indirectly from operating revenues. The Revenue Bond Ordinance does not allow the expenditure of operating revenues for capital improvements. However, the Airline Representative has agreed to substantially all of these expenditures. Using operating revenues for this purpose has the effect of raising flight fees.

   In accordance with the Revenue Bond Ordinance, all replacements of vehicles, furnishings, signs and other equipment are expensed during the year of acquisition.

D. Depreciation and Amortization:

Depreciation on Buildings and Other Facilities is provided on a straight-line basis over the estimated useful life of the individual assets. Depreciation charges are begun in the year following the year of acquisition or completion. Deferred Engineering Costs with an original balance of $1,226,701.79 are being amortized on a straight-line basis over 25 years.

E. Revenues:

In accordance with the Revenue Bond Ordinance, all operating revenues and unrestricted interest earned on investments are accounted for through the Revenue Fund. These revenues are to be allocated first to the Operation and Maintenance Account and then allocated in the following order of priority to the following special accounts:

Revenue Bond Interest
Debt Service
Revenue Bond Retirement
Reserve Maintenance
Emergency Reserve
Further explanation of the allocations for the six months ended June 30, 1976 are detailed in Note 1F.

Restricted interest earned on investments is comprised of:

Special Accounts:		
Reserve Maintenance	$ 57,257.05	
Emergency Reserve	1,061,260.66	$1,118,517.71
Construction Accounts		122,418.76
Total		$1,240,936.47

While the restricted interest of the special accounts is accounted for through the Revenue Fund, no restricted interest is included in the above allocation of revenues. Restricted interest of the construction accounts is accounted for in the individual construction accounts.

F. Allocation of Revenues:

The Revenue Bond Ordinance requires the allocation of revenues for specified purposes in the following order of priority:

1. For ordinary costs of operation and maintenance, but not in excess of the amount budgeted by the City for such purposes.

2. For amounts equal to interest on bonds outstanding. Interest of $4,133,269.97 was paid during the six months ended June 30, 1976.

F. Allocation of Revenues (Continued):

3. To maintain the balance of the Debt Service Reserve at an amount equal to two years' interest requirements. All revenue bond issues were fully funded at December 31, 1975, through allocations made in prior years. Bonds in the principal amount of $5,964,000.00 were purchased during the six months ended June 30, 1976 and the corresponding interest requirement of $618,075.00 for the six months ended June 30, 1976, was transferred to the Revenue Bond Retirement Reserve.

4. For required minimum payments to the Revenue Bond Retirement Reserve, which range from $4,676,000.00 for 1976 ($2,338,000.00 for the six months ended June 30, 1976) to $14,545,000 in 1998. Additional allocations for the six months ended June 30, 1976 are $618,075.00 and $3,110,876.53 as explained in Notes F-3 and F-8 respectively. The total allocation to the Revenue Bond Retirement Reserve during the six months ended June 30, 1976 was $6,066,951.53.

5. For annual payment of $1,160,000.00 ($580,000.00 for the six months ended June 30, 1976) to Reserve Maintenance until $4,833,334.00 is accumulated in the Reserve. This money is available for the payment of major repairs, renewals and replacements. Expenditures of $161,958.53 were made from this account during the six months ended June 30, 1976 for the specified purposes.

6. To pay to the Emergency Reserve an amount equal to the sum of the semi-annual provisions for depreciation and amortization of fixed and other assets acquired with City money and interest on City money invested in fixed and other assets of the Airport.

   The components of this amount for the six months ended June 30, 1976 are:

Depreciation	$ 89,744.84
Amortization	24,534.04
Interest	427,378.23
Total	$541,657.11

   Monies held to the credit of the emergency reserve account shall be treated as revenues to provide for the abatement of landing fees in the event that the Airport is closed.

F. Allocation of Revenues (Continued):

7. To provide for deferred income to reduce future flight fees. To the extent that revenues for the year as defined in the Ordinance, including the application of deferred income from the previous year, exceed "Airport expense" as defined, the excess shall be considered deferred income and as revenues of the next succeeding year. For the six months ended June 30, 1976 $5,686,477.73 has been deferred to reduce flight fees for 1977.

8. To provide for retirement of Revenue Bonds in addition to minimum payment referred to in Note F-4. Any remaining revenues after making the previously listed allocations shall be allocated to the Revenue Bond Retirement Reserve , $3,110,876.53 was so credited for the six months ended June 30, 1976.

NOTE 2 - REVENUE BONDS AND RETIREMENT

A. Revenue Bonds:

The Chicago-O'Hare International Airport Revenue Bonds were issued under the authority of an ordinance adopted December 29, 1958, and subsequent supplemental ordinances. The Bonds were issued to provide monies for the extension and improvement of the Airport and its facilities. The following information is presented regarding the status of the Bonds as of June 30, 1976:

Amount authorized	$238,000,000.00
Amount sold	232,000,000.00
Amount called or purchased and retired	83,715,863.75
Amount called but not presented to bank trustee for retirement	25,136.25
Amount outstanding	148,259,000.00

The Revenue Bonds outstanding are composed of the following:

4-3/4% Series of 1959	$ 65,652,000.00
4-3/4% Series A of 1961	13,697,000.00
4-1/4% Series B of 1961	2,050,000.00
4-1/2% Series of 1967	2,998,000.00
5 % Series of 1968	11,787,000.00
6.80 % Series of March, 1970	44,625,000.00
6 % Series of 1972	7,450,000.00
Total	$148,259,000.00

A. Revenue Bonds (Continued):

The unexpended proceeds from Revenue Bond issue amounted to $4,414,022.17 at June 30, 1976. This amount is comprised of:

Construction Accounts' Assets	$4,580,645.63
Less - Construction Accounts' Liabilities	166,623.46
Reserve for Construction	$4,414,022.17

B. Retirement:

Revenue Bonds are to be retired as rapidly as practicable through the revenues allocated to the Revenue Bond Retirement Reserve. Bonds may be redeemed by call at process ranging downward from 105% to 100% of principal amount plus accrued interest to December 31, 1991, and thereafter, at par value plus accrued interest. In addition, Bonds may be redeemed by purchase in the open market or tender at prices not in excess of the next predetermined call prices. The following information is presented regarding Bonds purchased for retirement through June 30, 1976:

	Six months ended June 30, 1976	Cumulative
Par value of Bonds purchased	$5,964,000.00	$83,741,000.00
Cost of Bonds purchased	5,691,124.40	77,609,844.50
Premiums paid on Bonds purchased	45,750.00	626,842.50

Premiums paid on Bonds purchased are charged to Airport operations in the year of payment. Discounts on Bonds purchased are retained in in the Bond Retirement Reserve to purchase additional Bonds.

Bonds also may be redeemed with monies that are not allocations of revenues to the Retirement Reserve. Call prices for this type of redemption have been adopted which exceed the previously referred to call prices by not more than 2% of principal amount. As of June 30, 1976, the City has never opted to retire Airport Bonds by this method.

NOTE 3 - OTHER INFORMATION

A. The Revenue Bond Ordinance provides that "Airport Expense," for the purpose of computing flight fees collectible from the airlines, shall include depreciation and amortization only on fixed assets acquired with City money and interest on City money invested in land, buildings, other facilities and deferred engineering costs. See Note F-6.

NOTE 3 - OTHER INFORMATION - (Continued)

B. The Reserve for Matured Interest on Revenue Bonds is comprised of the following:

Payment to bank trustee for coupons due July 1, 1976	$4,030,981.25
Prior payments to bank trustee - coupons not presented for redemption	1,442,213.66
Total	$5,473,194.91

C. The Reserve for Matured Bonds represents bonds called but not presented to the bank trustee for retirement.

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NORTHWESTERN UNIVERSITY

CITY OF CHICAGO

CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1977

OFFICE OF THE CITY COMPTROLLER

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chael A. Bilandic, Mayor

EPARTMENT OF FINANCE
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icago, Illinois 60602

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bert E. Shaw
t Deputy Comptroller
2/744-3233

CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1977

Prepared by the Accounting Division
Office of the City Comptroller
City of Chicago, Illinois
November 23, 1977

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chael A. Bilandic, Mayor

PARTMENT OF FINANCE
om 501, City Hall
icago, Illinois 60602

ark Burrus
Comptroller
/744-7100

bert E. Shaw
Deputy Comptroller
/744-3233

C O N T E N T S

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EXHIBIT A

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

BALANCE SHEET
JUNE 30, 1977

A S S E T S

CURRENT ASSETS:			
Operation and Maintenance Account:			
Cash - City Treasurer			$ 6,796,991.11
Cash - Bank Trustee			1,042,101.33
U. S. Treasury Bills (Note 1A)			3,186,046.41
Accounts Receivable (Note 1B)		$ 11,759,409.89	
Less - Allowance for Doubtful Accounts		1,556,356.23	10,203,053.66
Due from Other Funds			245,161.61
Prepaid Insurance			454,219.86
Total Current Assets			$ 21,927,573.98
RESTRICTED ASSETS:			
Special Accounts:			
Cash - City Treasurer	$ 120,756.84		
Cash - Bank Trustee	6,052,890.30		
U. S Treasury Bills (Note 1A)	14,171,910.47		
U. S. Treasury Notes (Note 1A)	32,921,720.32		
Accrued Interest Receivable on U.S. Treasury Notes	404,048.35		
Due from Operation and Maintenance Account	2,866,747.01	$ 56,538,073.29	
Construction Accounts:			
Cash - City Treasurer	$ 26,620.74		
Cash - Bank Trustee	8,104.16		
U. S. Treasury Bills (Note 1A)	4,588,479.09	4,623,203.99	
Total Restricted Assets			61,161,277.28
FIXED ASSETS: (Notes 1C and 1D):			
Land		$ 50,966,929.32	
Buildings and Other Facilities	$291,983,354.07		
Less - Allowance for Depreciation	121,684,230.60	170,299,123.47	
Construction in Progress		10,092,792.30	
Total Fixed Assets			231,358,845.09
OTHER ASSETS: (Notes 1C and 1D):			
Deferred Engineering Costs		$ 1,226,701.79	
Less - Amortization		1,056,046.42	170,655.37
Total Assets			$314,618,351.72

LIABILITIES, RESERVES, CONTRIBUTIONS AND RETAINED EARNINGS

CURRENT LIABILITIES (Payable from Current Assets):		
Revenue Bonds Payable - Due within One Year		$ 2,461,000.00
Vouchers and Accounts Payable		5,502,210.29
Due to Special Accounts		2,866,747.01
		$ 10,829,957.30
CURRENT LIABILITIES (Payable from Restricted Assets):		
Special Accounts:		
Vouchers and Accounts Payable	$ 494,146.94	
Construction Accounts:		
Vouchers and Accounts Payable	132,262.72	
Due to Other Funds	2,884.74	629,294.40
Total Current Liabilities		$ 11,459,251.70
LONG-TERM LIABILITIES:		
Revenue Bonds Payable (Note 2)	$135,265,000.00	
Less - Portion Due within One Year	2,461,000.00	132,804,000.00
RESERVES (EXHIBIT C):		
Debt Service	$ 14,771,565.00	
Revenue Bond Retirement	2,818,312.44	
Reserve Maintenance	2,527,182.95	
Emergency Reserve	29,907,927.55	
Matured Interest on Revenue Bonds	3,872,193.41	
Matured Revenue Bonds	2,146,745.00	
Construction	4,488,056.53	
Total Reserves		60,531,982.88
CONTRIBUTIONS (Exhibit D):		
City of Chicago	$ 19,571,287.73	
State and Federal	36,333,577.04	
Public Utility, Concessionaire and Airline	32,915,771.20	
Total Contributions		88,820,635.97
RETAINED EARNINGS (Exhibit E)		21,002,481.17
Total Liabilities, Reserves, Contributions and Retained Earnings		$314,618,351.72

Note - Retained Earnings include $13,558,616.68 which represent, in accordance with the Revenue Bond Ordinance, deferred income to reduce 1978 flight fees.

Note - Contract commitments, encumbered in 1976, to be financed by the Operation and Maintenance Account totaled $5,825,782 29 at June 30, 1977

See notes to financial statements

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

EXHIBIT B

COMPARATIVE STATEMENT OF REVENUE AND EXPENSE
FOR THE SIX MONTHS ENDED JUNE 30, 1977 AND 1976

	Six Months Ended June 30, 1977	1976
ERATING REVENUES (Note 1-E):		
Flight Fees, less Ramp Rental Credit of $2,795,070.00	$19,680,158.91	$14,976,274.06
Rent, Concessions, and Utilities	16,943,029.62	16,234,111.16
Total Operating Revenues	$36,623,188.53	$31,210,385.22
ERATING EXPENSES:		
Salaries and Wages	$10,196,689.44	$ 9,705,770.09
Depreciation	5,339,391.35	5,247,851.40
Amortization of Deferred Engineering Costs	24,534.04	24,534.04
Repairs and Maintenance - Including Expenditures from Reserve Maintenance Account	4,271,214.63	3,255,591.91
Other Operating Expenses	6,863,190.90	6,448,352.08
Total Operating Expenses	$26,695,020.36	$24,682,099.52
Net Operating Income	$ 9,928,168.17	$ 6,528,285.70
D: NON-OPERATING INCOME:		
Interest Earned on Investments:		
Unrestricted	$ 737,471.55	$ 742,378.32
Restricted	1,094,290.54	1,240,936.47
Total Non-Operating Income	$ 1,831,762.09	$ 1,983,314.79
Total Income	$11,759,930.26	$ 8,511,600.49
SS: NON-OPERATING EXPENSE:		
Interest on Revenue Bonds	$ 3,873,484.38	$ 4,133,269.97
Premium on Revenue Bonds Retired	120,135.00	45,750.00
Total Non-Operating Expense	$ 3,993,619.38	$ 4,179,019.97
Net Income	$ 7,766,310.88	$ 4,332,580.52
D (DEDUCT) ADJUSTMENTS TO REFLECT ORDINANCE BASIS OF ACCOUNTING:		
Depreciation	5,339,391.35	5,247,851.40
Amortization of Deferred Engineering Costs	24,534.04	24,534.04
Expenditures from Reserve Maintenance Account	483,302.65	161,958.53
Interest earned on Investments - Restricted	(1,094,290.54)	(1,240,936.47)
Interest on Revenue Bonds	3,873,484.38	4,133,269.97
Allocation of Revenues:		
Revenue Bond Interest	(3,873,484.38)	(4,133,269.97)
Revenue Bond Retirement	(5,708,662.12)	(5,448,876.53)
Reserve Maintenance	(580,000.00)	(580,000.00)
Emergency Reserve	(597,749.70)	(541,657.11)
Expenditures of Operating Revenue for Capital Improvements (Note 1C3)	(691,558.73)	(1,357,968.99)
REASE (DECREASE) IN DEFERRED INCOME O REDUCE FUTURE FLIGHT FEES - TO RETAINED EARNINGS	$ 4,941,277.83	$ 597,485.39

notes to financial statements.

EXHIBIT L

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

ANALYSIS OF CHANGES IN RESERVES
FOR THE SIX MONTHS ENDED JUNE 30, 1977

	Revenue Bond Interest	Debt Service	Revenue Bond Retirement	Reserve Maintenance	Emergency Reserve	Matured Interest on Revenue Bonds	Matured Revenue Bonds	Construction	Total
BALANCE - JANUARY 1, 1977	$ -	$15,706,950.00	$5,021,944.07	$2,171,845.76	$28,372,840.26	$4,045,572.41	$ 25,395.00	$4,392,818.48	$59,937,365.9
Add:									
Allocation of Net Revenue	$3,873,484.38	$ -	$5,708,662.12	$ 580,000.00	$ 597,749.70	$ -	$ -	$ -	$10,759,896.2
Transfer of Premiums on Revenue Bonds Retired			120,135.00						120,135.0
Interest Earned on Investments - Restricted	-	-	-	58,639.84	937,337.59	-	-	98,313.11	1,094,290.5
Transfer from Debt Service Account	-	(935,385.00)	935,385.00	-	-	-	-	-	-
Transfers from Revenue Bond Interest and Revenue Bond Retirement Accounts	(3,761,911.25)	-	(2,121,350.00)	-	-	3,761,911.25	2,121,350.00	-	-
Total	$ 111,573.13	($ 935,385.00)	$4,642,832.12	$ 638,639.84	$ 1,535,087.29	$3,761,911.25	$2,121,350.00	$ 98,313.11	$11,974,321.7
Balance	$ 111,573.13	$14,771,565.00	$9,664,776.19	$3,010,485.60	$29,907,927.55	$7,807,483.66	$2,146,745.00	$4,491,131.59	$71,911,687.7
Less:									
Purchase of Chicago-O'Hare International Airport Revenue Bonds	$ 111,573.13	$ -	$6,846,463.75	$ -	$ -	$ -	$ -	$ -	$6,958,036.8
Expenditures by Bank Trustee during the six months ended June 30, 1977 for retirement of bonds and payment of coupons	-	-	-	-	-	3,935,290.25	-	-	3,935,290.2
Expenditures from Reserve Maintenance Account	-	-	-	483,302.65	-	-	-	-	483,302.6
Expenditures for Fixed Assets Acquired with Revenue Bond Money	-	-	-	-	-	-	-	3,075.06	3,075.0
Total	$ 111,573.13	$ -	$6,846,463.75	$ 483,302.65	$ -	$3,935,290.25	$ -	$ 3,075.06	$11,379,704.8
BALANCE - JUNE 30, 1977	$ -	$14,771,565.00	$2,818,312.44	$2,527,182.95	$29,907,927.55	$3,872,193.41	$2,146,745.00	$4,488,056.53	$60,531,982.8

See notes to financial statements.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT
ANALYSIS OF CHANGES IN CONTRIBUTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 1977

	City of Chicago	State and Federal	Public Utility Concessionaire and Airline	Total
BALANCE - January 1, 1977	$18,257,278.66	$36,294,340.97	$32,688,620.25	$87,240,239.88
ADD:				
Increase in Fixed Assets Acquired with				
City Money	$ 2,086,927.04	$	$	$ 2,086,927.04
State and Federal Money (Note 1 C2)	(642,882.40)	642,882.40		-
Public Utility, Concessionaire and Airline Money			691,558.73	691,558.73
Total	$ 1,444,044.64	$ 642,882.40	$ 691,558.73	$ 2,778,485.77
Balance	$19,701,323.30	$36,937,223.37	$33,380,178.98	$90,018,725.65
Less:				
Provision for Depreciation	$ 105,501.53	$ 603,646.33	$ 464,407.78	$ 1,173,555.64
Amortization of Deferred Engineering Costs	24,534.04			24,534.04
Total	$ 130,035.57	$ 603,646.33	$ 464,407.78	$ 1,198,089.68
BALANCE - June 30, 1977	$19,571,287.73	$36,333,577.04	$32,915,771.20	$88,820,635.97

See notes to financial statements.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

ANALYSIS OF CHANGES IN RETAINED EARNINGS
JUNE 30, 1977

	Deferred Income to Reduce Future Flight Fees	City Equity	Total
BALANCE - JANUARY 1, 1977	$ 8,617,338.85	$2,703,625.14	$11,320,963.99
Add:			
Increase in Deferred Income to Reduce Future Flight Fees	$ 4,941,277.83	$ -	$ 4,941,277.83
Increase in Fixed Assets Acquired with Revenue Bond Money	-	3,075.06	3,075.06
Revenue Bonds Retired during the six months ended June 30, 1977	-	8,903,000.00	8,903,000.00
Total	$ 4,941,277.83	$8,906,075.06	$13,847,352.89
Balance	$13,558,616.68	$11,609,700.20	$25,168,316.88
Less:			
Provision for Depreciation of Assets Acquired with Revenue Bond Money	-	4,165,835.71	4,165,835.71
BALANCE - June 30, 1977	$13,558,616.68	$7,443,864.49	$21,002,481.17

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

RECONCILIATION TO "NET REVENUES" AS DEFINED
IN REVENUE BOND ORDINANCE
FOR THE SIX MONTHS ENDED JUNE 30, 1977 AND 1976

	Six Months Ended June 30	
	1977	1976
INCOME	$ 7,766,310.88	$ 4,332,580.52
OR (DEDUCT) ADJUSTMENTS TO REFLECT RDINANCE BASIS OF ACCOUNTING:		
Amounts Included Above in Determination of Net Income:		
Depreciation	5,339,391.35	5,247,851.40
Amortization of Deferred Engineering Costs	24,534.04	24,534.04
Expenditures from Reserve Maintenance Account	483,302.65	161,958.53
Interest Earned on Investments - Restricted	(1,094,290.54)	(1,240,936.47)
Interest on Revenue Bonds	3,873,484.38	4,133,269.97
Amounts Not Included Above in Determination of Net Income:		
Expenditures of Operating Revenue for Capital Improvements (Note 1C3)	(691,558.73)	(1,357,968.99)
Application of Deferred Income from Preceding Year as Reduction of Flight Fees	8,617,338.85	5,088,992.34
T REVENUES" AS DEFINED IN BOND ORDINANCE	$24,318,512.88	$16,390,281.34
OCATION OF "NET REVENUES" IN ORDER OF RIORITY (Note 1F):		
Revenue Bond Interest	$ 3,873,484.38	$ 4,133,269.97
Revenue Bond Retirement - Minimum Payment	2,461,000.00	2,338,000.00
Reserve Maintenance	580,000.00	580,000.00
Emergency Reserve	597,749.70	541,657.11
Deferred Income to Reduce Flight Fees in Following Year	13,558,616.68	5,686,477.73
Remainder - Additional Allocation to Revenue Bond Retirement	3,247,662.12	3,110,876.53
AL ALLOCATION OF "NET REVENUES"	$24,318,512.88	$16,390,281.34

notes to financial statements.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT
ANALYSIS OF CHANGES IN RESERVE FOR CONSTRUCTION
FOR THE SIX MONTHS ENDED JUNE 30, 1977

	General Construction of 1968	Elevated Garage	Pedestrian Tunnels and Access Road	Heating and Refrigeration Plant Expansion	Fueling System Expansion	Total
Balance - January 1, 1977	$3,194,920.29	$505,404.25	$292,685.62	$236,896.94	$162,911.38	$4,392,818.48
Add:						
Interest Earned on Investments - Restricted	65,936.37	13,238.40	6,534.20	8,680.78	3,923.36	98,313.11
Balance	$3,260,856.66	$518,642.65	$299,219.82	$245,577.72	$166,834.74	$4,491,131.59
Less:						
Expenditures for Fixed Assets Acquired with Revenue Bond Money			309.09	2,321.67	444.30	3,075.06
BALANCE - JUNE 30, 1977	$3,260,856.66	$518,642.65	$298,910.73	$243,256.05	$166,390.44	$4,488,056.53

See notes to financial statements.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1977

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

A. United States Treasury Bills and Treasury Notes:

Investments in these securities are carried at cost. Interest is accrued only on those securities having stated interest rates, 1. e., Treasury Notes. Discounts and premiums are recognized at the time of maturity or sale. The aggregate market value of securities at June 30, 1977, was $571,954.31 in excess of cost. Components of this excess are as follows:

	Cost	Market
Operation and Maintenance Account:		
Treasury Bills	$ 3,186,046.41	$ 3,187,977.54
Special Accounts:		
Treasury Bills	14,171,910.47	14,171,219.06
Treasury Notes	32,921,720.32	33,477,787.80
Construction Accounts:		
Treasury Bills	4,588,479.09	4,603,126.20
Total	$54,868,156.29	$55,440,110.60

B. Accounts Receivable:

In accordance with the Revenue Bond Ordinance, all accounts receivable uncollected for a period of thirty days after due date are considered uncollectible and are to be provided for. As of June 30, 1977, an allowance of $1,556,356.23 is recorded for these accounts. Approximately $505,000.00 of this amount was subsequently collected through October 31, 1977.

C. Fixed Assets:

All fixed assets are recorded at cost. Land includes the costs of earthwork and landscaping. The financial statements reflect fixed assets acquired with Revenue Bond money and with money from other sources. These sources are:

City Money
State and Federal money
Public Utility, Concessionaire and Airline money

C. Fixed Assets (Continued):

At June 30, 1977, the gross amount of those assets acquired with money from other sources is $115,448,456.52 less allowances for depreciation of $26,798,475.92. The net amount of these assets is reflected by source in the "Contributions" section of the Balance Sheet.

1. Fixed assets acquired with City money include capitalized interest for the use of City money. Interest is capitalized from the commencement of the land improvement or construction activity through the year of completion.

2. Fixed assets acquired with State and Federal money represent grants received that are reimbursements to the City for fixed assets acquired with City money. These grants are recognized only as received. As of June 30, 1977, a maximum of $21,792,254.12 may be realized in future periods from such grants.

3. Fixed assets acquired with Public Utility, Concessionaire and Airline money are comprised of direct reimbursements and amounts expended directly and indirectly from operating revenues. The Revenue Bond Ordinance does not allow the expenditure of operating revenues for capital improvements. However, the Airline Representative has agreed to substantially all of these expenditures. Using operating revenues for this purpose has the effect of raising flight fees.

In accordance with the Revenue Bond Ordinance, all replacements of vehicles, furnishings, signs and other equipment are expensed during the year of acquisition.

D. Depreciation and Amortization:

Depreciation on Buildings and Other Facilities is provided on a straight-line basis over the estimated useful life of the individual assets. Depreciation charges are begun in the year following the year of acquisition or completion. Deferred Engineering Costs with an original balance of $1,226,701.79 are being amortized on a straight-line basis over 25 years.

E. Revenues:

In accordance with the Revenue Bond Ordinance, all operating revenues and unrestricted interest earned on investments are accounted for through the Revenue Fund. These revenues are to be allocated first to the Operation and Maintenance Account and then allocated in the following order of priority to the following special accounts:

Revenue Bond Interest
Debt Service
Revenue Bond Retirement
Reserve Maintenance
Emergency Reserve
Further explanation of the allocations for the six months ended June 30, 1977 are detailed in Note 1F.

Restricted interest earned on investments is comprised of:

Special Accounts:		
Reserve Maintenance	$ 58,639.84	
Emergency Reserve	937,337.59	$ 995,977.43
Construction Accounts		98,313.11
Total		$1,094,290.54

While the restricted interest of the special accounts is accounted for through the Revenue Fund, no restricted interest is included in the above allocation of revenues. Restricted interest of the construction accounts is accounted for in the individual construction accounts.

F. Allocation of Revenues:

The Revenue Bond Ordinance requires the allocation of revenues for specified purposes in the following order of priority:

1. For ordinary costs of operation and maintenance, but not in excess of the amount budgeted by the City for such purposes.

2. For amounts equal to interest on bonds outstanding. Interest of $3,873,484.38 was paid during the six months ended June 30, 1977.

F. Allocation of Revenues (Continued):

3. To maintain the balance of the Debt Service Reserve at an amount equal to two years' interest requirements. All revenue bond issues were fully funded at December 31, 1975, through allocations made in prior years. Bonds in the principal amount of $8,903,000.00 were purchased or called during the six months ended June 30, 1977 and the corresponding interest requirement of $935,385.00 for the six months ended June 30, 1977, was transferred to the Revenue Bond Retirement Reserve.

4. For required minimum payments to the Revenue Bond Retirement Reserve, which range from $4,922,000.00 for 1977 ($2,461,000.00 for the six months ended June 30, 1977) to $14,545,000.00 in 1998. Additional allocations for the six months ended June 30, 1977 are $935,385.00 and $3,247,662.12 as explained in Notes F-3 and F-8 respectively. The total allocation to the Revenue Bond Retirement Reserve during the six months ended June 30, 1977 was $6,644,047.12.

5. For annual payment of $1,160,000.00 ($580,000.00 for the six months ended June 30, 1977) to Reserve Maintenance until $4,833,334.00 is accumulated in the Reserve. This money is available for the payment of major repairs, renewals and replacements. Expenditures of $483,302.65 were made from this account during the six months ended June 30, 1977 for the specified purposes.

6. To pay to the Emergency Reserve an amount equal to the sum of the semi-annual provisions for depreciation and amortization of fixed and other assets acquired with City money and interest on City money invested in fixed and other assets of the Airport.

The components of this amount for the six months ended June 30, 1977 are:

Depreciation	$105,501.53
Amortization	24,534.04
Interest	467,714.13
Total	$597,749.70

Monies held to the credit of the emergency reserve account shall be treated as revenues to provide for the abatement of landing fees in the event that the Airport is closed.

F. Allocation of Revenues (Continued):

7. To provide for deferred income to reduce future flight fees. To the extent that revenues for the year as defined in the Ordinance, including the application of deferred income from the previous year, exceed "Airport expense" as defined, the excess shall be considered deferred income and as revenues of the next succeeding year. For the six months ended June 30, 1977 $13,558,616.68 has been deferred to reduce flight fees for 1978.

8. To provide for retirement of Revenue Bonds in addition to minimum payment referred to in Note F-4. Any remaining revenues after making the previously listed allocations shall be allocated to the Revenue Bond Retirement Reserve, $3,247,662.12 was so credited for the six months ended June 30, 1977.

OTE 2 - REVENUE BONDS AND RETIREMENT

A. Revenue Bonds:

The Chicago-O'Hare International Airport Revenue Bonds were issued under the authority of an ordinance adopted December 29, 1958, and subsequent supplemental ordinances. The Bonds were issued to provide monies for the extension and improvement of the Airport and its facilities. The following information is presented regarding the status of the Bonds as of June 30, 1977:

Amount authorized	$238,000,000.00
Amount sold	232,000,000.00
Amount called or purchased and retired	94,588,255.00
Amount called but not presented to bank trustee for retirement	2,146,745.00
Amount outstanding	135,265,000.00

The Revenue Bonds outstanding are composed of the following:

4-3/4% Series of 1959	$ 59,065,000.00
4-3/4% Series A of 1961	12,258,000.00
4-1/4% Series B of 1961	1,640,000.00
4-1/2% Series of 1967	2,608,000.00
5 % Series of 1968	10,684,000.00
6.80% Series of March, 1970	42,010,000.00
6 % Series of 1972	7,000,000.00
Total	$135,265,000.00

A. Revenue Bonds (Continued):

The unexpended proceeds from Revenue Bond issue amounted to $4,488,056.53 at June 30, 1977. This amount is comprised of:

Construction Accounts' Assets	$4,623,203.99
Less - Construction Accounts' Liabilities	135,147.46
Reserve for Construction	$4,488,056.53

B. Retirement:

Revenue Bonds are to be retired as rapidly as practicable through the revenue allocated to the Revenue Bond Retirement Reserve. Bonds may be redeemed by call at prices ranging downward from 105% to 100% of principal amount plus accrued interest to December 31, 1991, and thereafter, at par value plus accrued interest. In addition, Bonds may be redeemed by purchase in the open market or tender at prices not in excess of the next predetermined call prices. The following information is presented regarding Bonds purchased for retirement through June 30,1977:

	Six months ended June 30, 1977	Cumulative
Par value of Bonds purchased or called	$8,903,000.00	$96,735,000.00
Cost of Bonds purchased or called	8,847,678.75	90,440,225.75
Premiums paid on Bonds purchased or called	120,135.00	777,690.00

Premiums paid on Bonds purchased are charged to Airport operations in the year of payment. Discounts on Bonds purchased are retained in the Bond Retirement Reserve to purchase additional Bonds.

Bonds also may be redeemed with monies that are not allocations of revenues to the Retirement Reserve. Call prices for this type of redemption have been adopted which exceed the previously referred to call prices by not more than 2% of principal amount. As of June 30, 1977, the City has never opted to retire Airport Bonds by this method.

E 3 - OTHER INFORMATION

A. The Revenue Bond Ordinance provides that "Airport Expense," for the purpose of computing flight fees collectible from the airlines, shall include depreciation and amortization only on fixed assets acquired with City money invested in land, building, other facilities and deferred engineering costs. See Note F-6.

NOTE 3 - OTHER INFORMATION - (Continued)

B. The Reserve for Matured Interest on Revenue Bonds is comprised of the following:

Payment to bank trustee for coupons due July 1, 1977	$3,761,911.25
Prior payments to bank trustee - coupons not presented for redemption	110,282.16
Total	$3,872,193.41

C. The Reserve for Matured Bonds represents bonds called but not presented to the bank trustee for retirement.

CITY OF CHICAGO

CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1978

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CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1978

Prepared by the Accounting Division
Office of the City Comptroller
City of Chicago, Illinois
November 21, 1978

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EXHIBIT A

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

BALANCE SHEET
JUNE 30, 1978

ASSETS				LIABILITIES, RESERVES, CONTRIBUTIONS AND RETAINED EARNINGS			
CURRENT ASSETS:				**CURRENT LIABILITIES (Payable from Current Assets):**			
Operation and Maintenance Account:				Revenue Bonds Payable - Due within One Year			$ 2,595,000.00
Cash - City Treasurer			$ 7,652,473.19	Vouchers and Accounts Payable			7,313,681.63
Cash - Bank Trustee			514,115.09	Due to Other Funds			287,343.59
U. S. Treasury Bills (Note 1A)			10,175,472.02				$ 10,196,025.22
Accounts Receivable (Note 1B)		$ 11,862,605.88					
Less - Allowance for Doubtful Accounts		1,716,006.40	10,146,599.48	**CURRENT LIABILITIES (Payable from Restricted Assets):**			
Due from Special Accounts			70,432.34	Special Accounts:			
Prepaid Insurance			59,603.04	Vouchers and Accounts Payable	$574,288.02		
Total Current Assets			$28,618,695.16	Due to operation and Maintenance Account	70,432.34	$ 644,720.36	
				Construction Accounts:			
				Vouchers and Accounts Payable		4,176.58	648,896.94
				Total Current Liabilities			$ 10,844,922.16
RESTRICTED ASSETS:							
Special Accounts:				**LONG-TERM LIABILITIES:**			
Cash - City Treasurer	$ 2,315.50			Revenue Bonds Payable (Note 2)		$118,738,000.00	
Cash - Bank Trustee	6,661,055.57			Less - Portion Due within One Year		2,595,000.00	116,143,000.00
U. S. Treasury Bills (Note 1A)	5,842,414.48						
U. S. Treasury Notes (Note 1A)	41,931,079.71			**RESERVES (EXHIBIT C):**			
Accrued Interest Receivable on U.S. Treasury Notes	914,606.78	$ 55,351,472.04		Debt Service		$ 13,039,090.00	
Construction Accounts:				Revenue Bond Retirement		198,272.95	
Cash - City Treasurer	$ 13,537.10			Reserve Maintenance		1,907,080.30	
Cash - Bank Trustee	60,885.35			Emergency Reserve		33,338,457.22	
U. S. Treasury Bills (Note 1A)	4,694,615.82	4,769,038.27		Matured Interest on Revenue Bonds		3,398,436.21	
Total Restricted Assets			60,120,510.31	Matured Revenue Bonds		2,825,415.00	
				Construction		4,764,861.69	
				Total Reserves			59,471,613.37
FIXED ASSETS: (Notes 1C and 1D):				**CONTRIBUTIONS (Exhibit D):**			
Land		$ 50,994,641.32		City of Chicago		$ 20,721,642.62	
Buildings and Other Facilities	$299,307,692.66			State and Federal		45,724,312.40	
Less - Allowance for Depreciation	132,551,959.59	166,755,733.07		Public Utility, Concessionaire and Airline		28,699,736.80	
Construction in Progress		11,607,909.40		Total Contributions			95,145,691.82
Total Fixed Assets			229,358,283.79	**RETAINED EARNINGS (Exhibit E)**			36,613,849.20
OTHER ASSETS: (Notes 1C and 1D):							
Deferred Engineering Costs		$ 1,226,701.79					
Less - Amortization		1,105,114.50	121,587.29				
Total Assets			$318,219,076.55	Total Liabilities, Reserves, Contributions and Retained Earnings			$318,219,076.55

Note - Retained Earnings include $21,017,669.94 which represent, in accordance with the Revenue Bond Ordinance, deferred income to reduce 1979 flight fees.

Note - Contract commitments, encumbered in 1977, to be financed by the Operation and Maintenance Account totaled $8,260,061.87 at June 30, 1978.

See notes to financial statements.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

COMPARATIVE STATEMENT OF REVENUE AND EXPENSE
FOR THE SIX MONTHS ENDED JUNE 30, 1978 AND 1977

	Six Months Ended June 30, 1978	Six Months Ended June 30, 1977
OPERATING REVENUES (Note 1-E):		
Flight Fees, less Ramp Rental Credit of $2,795,070.00	$16,201,268.95	$19,680,158.91
Rent, Concessions, and Utilities	18,658,054.68	16,943,029.62
Total Operating Revenues	$34,859,323.63	$36,623,188.53
OPERATING EXPENSES:		
Salaries and Wages	$11,466,761.72	$10,196,689.44
Depreciation	5,528,337.04	5,339,391.35
Amortization of Deferred Engineering Costs	24,534.04	24,534.04
Repairs and Maintenance - Including Expenditures from Reserve Maintenance Account	6,367,917.37	4,271,214.63
Other Operating Expenses	8,908,277.64	6,863,190.90
Total Operating Expenses	$32,295,827.81	$26,695,020.36
Net Operating Income	$ 2,563,495.82	$ 9,928,168.17
ADD: NON-OPERATING INCOME:		
Interest Earned on Investments:		
Unrestricted	$ 939,164.59	$ 737,471.55
Restricted	1,504,541.89	1,094,290.54
Total Non-Operating Income	$ 2,443,706.48	$ 1,831,762.09
Total Income	$ 5,007,202.30	$11,759,930.26
LESS: NON-OPERATING EXPENSE:		
Interest on Revenue Bonds	$ 3,363,119.68	$ 3,873,484.38
Premium on Revenue Bonds Retired	191,764.25	120,135.00
Total Non-Operating Expense	$ 3,554,883.93	$ 3,993,619.38
Net Income	$ 1,452,318.37	$ 7,766,310.88
ADD (DEDUCT) ADJUSTMENTS TO REFLECT ORDINANCE BASIS OF ACCOUNTING:		
Depreciation	5,528 337.04	5,339,391.35
Amortization of Deferred Engineering Costs	24,534.04	24,534.04
Expenditures from Reserve Maintenance Account	1,291,047.24	483,302.65
Interest earned on Investments - Restricted	(1,504,541.89)	(1,094,290.54)
Interest on Revenue Bonds	3,363,119.68	3,873,484.38
Allocation of Revenues:		
Revenue Bond Interest	(3,363,119.68)	(3,873,484.38)
Revenue Bond Retirement	(6,219,026.82)	(5,708,662.12)
Reserve Maintenance	(580,000.00)	(580,000.00)
Emergency Reserve	(602,005.56)	(597,749.70)
Expenditures of Operating Revenue for Capital Improvements (Note 1C3)	(227,975.21)	(691,558.73)
INCREASE (DECREASE) IN DEFERRED INCOME TO REDUCE FUTURE FLIGHT FEES - TO RETAINED EARNINGS	($ 837,312.79)	$ 4,941,277.83

See notes to financial statements.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

ANALYSIS OF CHANGES IN RESERVES
FOR THE SIX MONTHS ENDED JUNE 30, 1978

	Revenue Bond Interest	Debt Service	Revenue Bond Retirement	Reserve Maintenance	Emergency Reserve	Matured Interest on Revenue Bonds	Matured Revenue Bonds	Construction	Total
BALANCE - JANUARY 1, 1978	$ -	$13,759,895.00	$ 145,441.13	$2,539,055.92	$31,453,318.07	$3,626,219.41	$4,245,948.75	$4,622,561.37	$60,392,439.6
Add:									
Allocation of Net Revenue	$3,363,119.68	$ -	$6,219,026.82	$ 580,000.00	$ 602,005.56	$ -	$ -	$ -	$10,764,152.0
Transfer of Premiums on Revenue Bonds Retired	-	-	191,764.25	-	-	-	-	-	191,764.2
Interest Earned on Investments - Restricted	-	-	-	79,071.62	1,283,133.59	-	-	142,336.68	1,504,541.8
Transfer from Debt Service Account	-	(720,805.00)	720,805.00	-	-	-	-	-	-
Transfers from Revenue Bond Interest and Revenue Bond Retirement Accounts	(3,308,732.50)	-	(1,504,800.00)	-	-	3,308,732.50	1,504,800.00	-	-
Total	$ 54,387.18	($ 720,805.00)	$5,626,796.07	$ 659,071.62	$ 1,885,139.15	$3,308,732.50	$1,504,800.00	$ 142,336.68	$12,460,458.2
Balance	$ 54,387.18	$13,039,090.00	$5,772,237.20	$3,198,127.54	$33,338,457.22	$6,934,951.91	$5,750,748.75	$4,764,898.05	$72,852,897.8
Less:									
Purchase of Chicago-O'Hare International Airport Revenue Bonds	$ 54,387.18	$ -	$5,573,964.25	$ -	$ -	$ -	$ -	$ -	$ 5,628,351.4
Expenditures by Bank Trustee during the six months ended June 30, 1978 for retirement of bonds and payment of coupons	-	-	-	-	-	3,536,515.70	2,925,333.75	-	6,461,849.4
Expenditures from Reserve Maintenance Account	-	-	-	1,291,047.24	-	-	-	-	1,291,047.2
Expenditures for Fixed Assets Acquired with Revenue Bond Money	-	-	-	-	-	-	-	36.36	36.3
Total	$ 54,387.18	$ -	$5,573,964.25	$1,291,047.24	$ -	$3,536,515.70	$2,925,333.75	$ 36.36	$13,381,284.4
BALANCE - JUNE 30, 1978	$ -	$13,039,090.00	$ 198,272.95	$1,907,080.30	$33,338,457.22	$3,398,436.21	$2,825,415.00	$4,764,861.69	$59,471,613.3

See notes to financial statements.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT
ANALYSIS OF CHANGES IN CONTRIBUTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 1978

	City of Chicago	State and Federal	Public Utility Concessionaire and Airline	Total
BALANCE - January 1, 1978	$22,050,818.38	$41,608,055.58	$29,041,618.71	$92,700,492.67
ADD:				
Increase in Fixed Assets Acquired with				
City Money	$ 3,577,966.85	$ -	$ -	$ 3,577,966.85
State and Federal Money (Note 1C2)	(4,749,526.64)	4,749,526.64	-	-
Public Utility, Concessionaire and Airline Money	-	-	227,975.21	227,975.21
Total	($ 1,171,559,79)	$ 4,749,526.64	$ 227,975.21	$ 3,805,942.06
Balance	$20,879,258.59	$46,357,582.22	$29,269,593.92	$96,506,434.73
Less:				
Provision for Depreciation	$ 133,081.93	$ 633,269.82	$ 569,857.12	$ 1,336,208.87
Amortization of Deferred Engineering Costs	24,534.04	-	-	24,534.04
Total	$ 157,615.97	$ 633,269.82	$ 569,857.12	$ 1,360,742.91
BALANCE - June 30, 1978	$20,721,642.62	$45,724,312.40	$28,699,736.80	$95,145,691.82

See notes to financial statements.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

ANALYSIS OF CHANGES IN RETAINED EARNINGS
JUNE 30, 1978

	Deferred Income to Reduce Future Flight Fees	City Equity	Total
BALANCE - JANUARY 1, 1978	$21,854,982.73	$12,901,271.07	$34,756,253.80
Add:			
Increase in Deferred Income to Reduce Future Flight Fees	($ 837,312.79)	$ -	($ 837,312.79)
Increase in Fixed Assets Acquired with Revenue Bond Money	-	36.36	36.36
Revenue Bonds Retired during the six months ended June 30, 1978	-	6,887,000.00	6,887,000.00
Total	($ 837,312.79)	$ 6,887,036.36	$ 6,049,723.57
Balance	$21,017,669.94	$19,788,307.43	$40,805,977.37
Less:			
Provision for Depreciation of Assets Acquired with Revenue Bond Money	-	4,192,128.17	4,192,128.17
BALANCE - June 30, 1978	$21,017,669.94	$15,596,179.26	$36,613,849.20

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

RECONCILIATION TO "NET REVENUES" AS DEFINED
IN REVENUE BOND ORDINANCE
FOR THE SIX MONTHS ENDED JUNE 30, 1978 AND 1977

	Six Months Ended June 30, 1978	Six Months Ended June 30, 1977
ET INCOME	$ 1,452,318.37	$ 7,766,310.88
DD OR (DEDUCT) ADJUSTMENTS TO REFLECT ORDINANCE BASIS OF ACCOUNTING:		
Amounts Included Above in Determination of Net Income:		
Depreciation	5,528,337.04	5,339,391.35
Amortization of Deferred Engineering Costs	24,534.04	24,534.04
Expenditures from Reserve Maintenance Account	1,291,047.24	483,302.65
Interest Earned on Investments - Restricted	(1,504,541.89)	(1,094,290.54)
Interest on Revenue Bonds	3,363,119.68	3,873,484.38
Amounts Not Included Above in Determination of Net Income:		
Expenditures of Operating Revenue for Capital Improvements (Note 1C3)	(227,975.21)	(691,558.73)
Application of Deferred Income from Preceding Year as Reduction of Flight Fees	21,854,982.73	8,617,338.85
NET REVENUES" AS DEFINED IN BOND ORDINANCE	$31,781,822.00	$24,318,512.88
LLOCATION OF "NET REVENUES" IN ORDER OF PRIORITY (Note 1F):		
Revenue Bond Interest	$ 3,363,119.68	$ 3,873,484.38
Revenue Bond Retirement - Minimum Payment	2,590,000.00	2,461,000.00
Reserve Maintenance	580,000.00	580,000.00
Emergency Reserve	602,005.56	597,749.70
Deferred Income to Reduce Flight Fees in Following Year	21,017,669.94	13,558,616.68
Remainder - Additional Allocation to Revenue Bond Retirement	3,629,026.82	3,247,662.12
TAL ALLOCATION OF "NET REVENUES"	$31,781,822.00	$24,318,512.88

e notes to financial statements.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT
ANALYSIS OF CHANGES IN RESERVE FOR CONSTRUCTION
FOR THE SIX MONTHS ENDED JUNE 30, 1978

	General Construction of 1968	Elevated Garage	Pedestrian Tunnels and Access Road	Heating and Refrigeration Plant Expansion	Fueling System Expansion	Total
Balance - January 1, 1978	$3,345,720.69	$532,019.16	$304,621.41	$250,930.91	$189,269.20	$4,622,561.37
Add:						
Interest Earned on Investments - Restricted	105,614.03	13,857.39	9,318.02	7,752.06	5,795.18	142,336.68
Balance	$3,451,334.72	$545,876.55	$313,939.43	$258,682.97	$195,064.38	$4,764,898.05
Less:						
Expenditures for Fixed Assets Acquired with Revenue Bond Money	-	-	36.36	-	-	36.36
BALANCE - JUNE 30, 1978	$3,451,334.72	$545,876.55	$313,903.07	$258,682.97	$195,064.38	$4,764,861.69

See notes to financial statements.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1978

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

A. United States Treasury Bills and Treasury Notes:

Investments in these securities are carried at cost. Interest is accrued only on those securities having stated interest rates, 1. e., Treasury Notes. Discounts and premiums are recognized at the time of maturity or sale. The aggregate cost of securities at June 30, 1978, was $649,050.26 in excess of market value. Components of this excess are as follows:

	Cost	Market
Operation and Maintenance Account:		
Treasury Bills	$10,175,472.02	$10,199,043.40
Special Accounts:		
Treasury Bills	5,842,414.48	5,862,214.11
Treasury Notes	41,931,079.71	41,211,957.20
Construction Accounts:		
Treasury Bills	4,694,615.82	4,721,317.06
Total	$62,643,582.03	$61,994,531.77

B. Accounts Receivable:

In accordance with the Revenue Bond Ordinance, all accounts receivable uncollected for a period of thirty days after due date are considered uncollectible and are to be provided for. As of June 30, 1978, an allowance of $1,716,006.40 is recorded for these accounts. Approximately $387,000.00 of this amount was subsequently collected through October 31, 1978.

C. Fixed Assets:

All fixed assets are recorded at cost. Land includes the costs of earthwork and landscaping. The financial statements reflect fixed assets acquired with Revenue Bond money and with money from other sources. These sources are:

City Money
State and Federal money
Public Utility, Concessionaire and Airline money

C. Fixed Assets (Continued):

At June 30, 1978 the gross amount of those assets acquired with money from other sources is $124,332,345.20 less allowances for depreciation of $29,308,240.67. The net amount of these assets is reflected by source in the "Contributions" section of the Balance Sheet.

1. Fixed assets acquired with City money include capitalized interest for the use of City money. Interest is capitalized from the commencement of the land improvement or construction activity through the year of completion.

2. Fixed assets acquired with State and Federal money represent grants received that are reimbursements to the City for fixed assets acquired with City money. These grants are recognized only as received. As of June 30, 1978 a maximum of $21,608,918.58 may be realized in future periods from such grants.

3. Fixed assets acquired with Public Utility, Concessionaire and Airline money are comprised of direct reimbursements and amounts expended directly and indirectly from operating revenues. The Revenue Bond Ordinance does not allow the expenditure of operating revenues for capital improvements. However, the Airline Representative has agreed to substantially all of these expenditures. Using operating revenues for this purpose has the effect of raising flight fees.

In accordance with the Revenue Bond Ordinance, all replacements of vehicles, furnishings, signs and other equipment are expensed during the year of acquisition.

D. Depreciation and Amortization:

Depreciation on Buildings and Other Facilities is provided on a straight-line basis over the estimated useful life of the individual assets. Depreciation charges are begun in the year following the year of acquisition or completion. Deferred Engineering Costs with an original balance of $1,226,701.79 are being amortized on a straight-line basis over 25 years.

E. Revenues:

In accordance with the Revenue Bond Ordinance, all operating revenues and unrestricted interest earned on investments are accounted for through the Revenue Fund. These revenues are to be allocated first to the Operation and Maintenance Account and then allocated in the following order of priority to the following special accounts:

Revenue Bond Interest
Debt Service
Revenue Bond Retirement
Reserve Maintenance
Emergency Reserve
Further explanation of the allocations for the six months ended June 30, 1978 are detailed in Note 1F.

Restricted interest earned on investments is comprised of:

Special Accounts:		
Reserve Maintenance	$ 79,071.62	
Emergency Reserve	1,283,133.59	$1,362,205.21
Construction Accounts		142,336.68
Total		$1,504,541.89

While the restricted interest of the special accounts is accounted for through the Revenue Fund, no restricted interest is included in the above allocation of revenues. Restricted interest of the construction accounts is accounted for in the individual construction accounts.

F. Allocation of Revenues:

The Revenue Bond Ordinance requires the allocation of revenues for specified purposes in the following order of priority:

1. For ordinary costs of operation and maintenance, but not in excess of the amount budgeted by the City for such purposes.

2. For amounts equal to interest on bonds outstanding. Interest of $3,363,119.68 was paid during the six months ended June 30, 1978.

F. Allocation of Revenues (Continued):

3. To maintain the balance of the Debt Service Reserve at an amount equal to two years' interest requirements. All revenue bond issues were fully funded at December 31, 1975, through allocations made in prior years. Bonds in the principal amount of $6,887,000.00 were purchased or called during the six months ended June 30, 1978 and the corresponding interest requirement of $720,805.00 for the six months ended June 30, 1978 was transferred to the Revenue Bond Retirement Reserve.

4. For required minimum payments to the Revenue Bond Retirement Reserve, which range from $5,185,000.00 for 1978 ($2,590,000.00 for the six months ended June 30, 1978) to $14,545,000.00 in 1998. Additional allocations for the six months ended June 30, 1978 are $720,805.00 and $3,629,026.82 as explained in Notes F-3 and F-8 respectively. The total allocation to the Revenue Bond Retirement Reserve during the six months ended June 30, 1978 was $6,939,831.82.

5. For annual payment of $1,160,000.00 ($580,000.00 for the six months ended June 30, 1978) to Reserve Maintenance until $4,833,334.00 is accumulated in the Reserve. This money is available for the payment of major repairs, renewals and replacements. Expenditures of $1,291,047.24 were made from this account during the six months ended June 30, 1978 for the specified purposes.

6. To pay to the Emergency Reserve an amount equal to the sum of the semi-annual provisions for depreciation and amortization of fixed and other assets acquired with City money and interest on City money invested in fixed and other assets of the Airport.

   The components of this amount for the six months ended June 30, 1978 are:

Depreciation	$133,081.93
Amortization	24,534.04
Interest	444,389.59
Total	$602,005.56

   Monies held to the credit of the emergency reserve account shall be treated as revenues to provide for the abatement of landing fees in the event that the Airport is closed.

F. Allocation of Revenues (Continued):

7. To provide for deferred income to reduce future flight fees. To the extent that revenues for the year as defined in the Ordinance, including the application of deferred income from the previous year, exceed "Airport expense" as defined, the excess shall be considered deferred income and as revenues of the next succeeding year. For the six months ended June 30, 1978, $21,017,669.94 has been deferred to reduce flight fees for 1979.

8. To provide for retirement of Revenue Bonds in addition to minimum payment referred to in Note F-4. Any remaining revenues after making the previously listed allocations shall be allocated to the Revenue Bond Retirement Reserve. $3,629,026.82 was so credited for the six months ended June 30, 1978.

NOTE 2 - REVENUE BONDS AND RETIREMENT

A. Revenue Bonds:

The Chicago-O'Hare International Airport Revenue Bonds were issued under the authority of an ordinance adopted December 29, 1958, and subsequent supplemental ordinances. The Bonds were issued to provide monies for the extension and improvement of the Airport and its facilities. The following information is presented regarding the status of the Bonds as of June 30, 1978:

Amount authorized	$238,000,000.00
Amount sold	232,000,000.00
Amount called or purchased and retired	110,436,585.00
Amount called but not presented to bank trustee for retirement	2,825,415.00
Amount outstanding	118,738,000.00

The Revenue Bonds outstanding are composed of the following:

4-3/4%	Series of 1959	$ 50,958,000.00
4-3/4%	Series A of 1961	9,653,000.00
4-1/4%	Series B of 1961	1,517,000.00
4-1/2%	Series of 1967	2,318,000.00
5%	Series of 1968	9,382,000.00
6.80%	Series of March, 1970	38,505,000.00
6%	Series of 1972	6,405,000.00
	Total	$118,738,000.00

A. Revenue Bonds (Continued):

The unexpended proceeds from Revenue Bond issue amounted to $4,764,861.69 at June 30, 1978. This amount is comprised of:

Construction Accounts' Assets	$4,769,038.27
Less - Construction Accounts' Liabilities	4,176.58
Reserve for Construction	$4,764,861.69

B. Retirement:

Revenue Bonds are to be retired as rapidly as practicable through the revenue allocated to the Revenue Bond Retirement Reserve. Bonds may be redeemed by call at prices ranging downward from 105% to 100% of principal amount plus accrued interest to December 31, 1991, and thereafter, at par value plus accrued interest. In addition, Bonds may be redeemed by purchase in the open market or tender at prices not in excess of the next predetermined call prices. The following information is presented regarding Bonds purchased for retirement through June 30, 1978:

	Six months ended June 30, 1978	Cumulative
Par value of Bonds purchased or called	$6,887,000.00	$113,262,000.00
Cost of Bonds purchased or called	6,887,000.00	106,961,030.75
Premiums paid on Bonds purchased or called	191,764.25	1,216,236.75

Premiums paid on Bonds purchased are charged to Airport operations in the year of payment. Discounts on Bonds purchased are retained in the Bond Retirement Reserve to purchase additional Bonds.

Bonds also may be redeemed with monies that are not allocations of revenues to the Retirement Reserve. Call prices for this type of redemption have been adopted which exceed the previously referred to call prices by not more than 2% of principal amount. As of June 30, 1978 the City has never opted to retire Airport Bonds by this method.

NOTE 3 - OTHER INFORMATION

A. The Revenue Bond Ordinance provides that "Airport Expense," for the purpose of computing flight fees collectible from the airlines, shall include depreciation and amortization only on fixed assets acquired with City money invested in land, building, other facilities and deferred engineering costs. See Note F-6.

NOTE 3 - OTHER INFORMATION - (Continued)

B. The Reserve for Matured Interest on Revenue Bonds is comprised of the following:

Payment to bank trustee for coupons due July 1, 1978	$3,308,732.50
Prior payments to bank trustee-coupons not presented for redemption	89,703.71
Total	$3,398,436.21

C. The Reserve for Matured Bonds represents bonds called but not presented to the bank trustee for retirement.

CITY OF CHICAGO

CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1979

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Raymond Coyne
City Comptroller
744-7100

Robert E. Shaw
First Deputy Comptroller
744-3233

CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1979

Prepared by the Accounting Division
Office of the City Comptroller
City of Chicago, Illinois
November 13, 1979

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CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

BALANCE SHEET
AT
JUNE 30, 1979 AND 1978

ASSETS	1979	1978
CURRENT ASSETS:		
Cash on Deposit	$ 7,306,769.13	$ 8,166,588.28
U.S. Government Securities - At Cost	5,231,380.09	10,175,472.02
Accounts Receivable - (Less - Allowance for Doubtful Accounts - 1979 - $2,600,309.63 - 1978 - $1,716,006.40)	8,234,906.63	10,146,599.48
Due from Special Accounts	107,468.31	70,432.34
Due from Other Funds	410,976.53	-
Prepaid Expenses	48,847.10	59,603.04
Accrued Interest Receivable	1,234.83	-
Total Current Assets	$ 21,341,582.62	$ 28,618,695.16
RESTRICTED ASSETS:		
Cash on Deposit	$ 6,080,310.46	$ 6,737,793.52
U.S. Government Securities - At Cost	55,042,275.79	52,468,110.01
Accrued Interest Receivable	1,047,783.21	914,606.78
Total Restricted Assets	$ 62,170,369.46	$ 60,120,510.31
PROPERTY, PLANT AND EQUIPMENT:		
Land, Buildings and Other Facilities	$366,309,499.24	$361,910,243.38
Less - Accumulated Depreciation	143,672,289.87	132,551,959.59
Property, Plant and Equipment - Net	$222,637,209.37	$229,358,283.79
OTHER ASSETS:		
Deferred Engineering Costs	$ 1,226,701.79	$ 1,226,701.79
Less - Amortization	1,154,182.58	1,105,114.50
Other Assets - Net	$ 72,519.21	$ 121,587.29
Total Assets	$306,221,680.66	$318,219,076.55

LIABILITIES AND EQUITY	1979	1978
CURRENT LIABILITIES:		
Revenue Bonds Payable - Current Maturities	$ 2,724,000.00	$ 2,595,000.00
Accounts Payable	9,036,773.79	7,313,681.63
Due to Other Funds	-	287,343.59
Total Current Liabilities	$ 11,760,773.79	$ 10,196,025.22
LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Accounts Payable	$ 79,772.93	$ 578,464.60
Due to Special Accounts	107,468.31	70,432.34
Matured Interest on Revenue Bonds	3,025,261.21	3,398,436.21
Matured Revenue Bonds	2,915,487.50	2,825,415.00
Due to Other Funds	20,398.35	-
Total Liabilities Payable from Restricted Assets	$ 6,148,388.30	$ 6,872,748.15
LONG-TERM LIABILITIES:		
Revenue Bonds Payable - Less Current Maturities	$101,263,000.00	$116,143,000.00
Total Liabilities	$119,172,162.09	$133,211,773.37
EQUITY:		
Contributed Capital	$ 96,723,241.78	$ 95,145,691.82
Retained Earnings - Reserved:		
Debt Service	$ 11,495,755.00	$ 13,039,090.00
Revenue Bond Retirement	16,598.14	198,272.95
Maintenance Reserve	2,484,106.94	1,907,080.30
Emergency Reserve	36,861,364.30	33,338,457.22
Construction	5,164,156.78	4,764,861.69
Future Flight Fee Reduction	12,304,808.83	21,017,669.94
Total Retained Earnings - Reserved	$ 68,326,789.99	$ 74,265,432.10
Retained Earnings - Unreserved	21,999,486.80	15,596,179.26
Total Retained Earnings	$ 90,326,276.79	$ 89,861,611.36
Total Equity	$187,049,518.57	$185,007,303.18
Total Liabilities and Equity	$306,221,680.66	$318,219,076.55

The notes to the financial statements are an integral part of this statement.

EXHIBIT B

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF REVENUE, EXPENSE AND CHANGES IN RETAINED EARNINGS
FOR THE SIX MONTHS ENDED JUNE 30, 1979 AND 1978

	Six Months Ended June 30, 1979	1978
OPERATING REVENUES:		
Flight Fees	$16,428,020.75	$16,201,268.95
Rent, Concessions, and Utilities	19,076,469.48	18,658,054.68
Total Operating Revenues	$35,504,490.23	$34,859,323.63
OPERATING EXPENSES:		
Salaries and Wages	$12,162,726.69	$11,466,761.72
Depreciation	5,591,993.84	5,528,337.04
Amortization of Deferred Engineering Costs	24,534.04	24,534.04
Repairs and Maintenance - Including Expenditures from Reserve Maintenance Account	7,760,145.44	6,367,917.37
Other Operating Expenses	10,783,135.06	8,908,277.64
Total Operating Expenses	$36,322,535.07	$32,295,827.81
Operating Income (Loss)	($ 818,044.84)	$ 2,563,495.82
NON-OPERATING INCOME AND (EXPENSE):		
Interest Earned on Investments	$ 2,729,020.20	$ 2,443,706.48
Interest on Revenue Bonds	(2,972,913.14)	(3,363,119.68)
Premium on Revenue Bonds Retired	(199,925.00)	(191,764.25)
Total Non-Operating (Expense)	($ 443,817.94)	($ 1,111,177.45)
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	($ 1,261,862.78)	$ 1,452,318.37
Depreciation and Amortization Transferred to Reduce Contributed Capital	1,424,492.11	1,360,742.91
Expenditures of Operating Revenue for Capital Improvements	(1,337,511.11)	(227,975.21)
INCREASE (DECREASE) IN RETAINED EARNINGS	($ 1,174,881.78)	$ 2,585,086.07
RETAINED EARNINGS - JANUARY 1,	91,501,158.57	87,276,525.29
RETAINED EARNINGS - JUNE 30,	$90,326,276.79	$89,861,611.36

The notes to the financial statements are an integral part of this statement.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE SIX MONTHS ENDED JUNE 30, 1979 AND 1978

	1979	1978
SOURCES OF WORKING CAPITAL:		
Net Income (Loss) from Operations	($ 1,261,862.78)	$ 1,452,318.37
Expenses Not Requiring an Outlay of Working Capital:		
Depreciation	5,591,993.84	5,528,337.04
Amortization of Deferred Engineering Costs	24,534.04	24,534.04
Total Working Capital from Operations	$ 4,354,665.10	$ 7,005,189.45
City of Chicago Contributions	1,193,071.84	3,577,966.85
Total Sources of Working Capital	$ 5,547,736.94	$10,583,156.30
USES OF WORKING CAPITAL:		
Acquisition of Property, Plant and Equipment	$ 2,539,353.01	$ 3,805,978.42
Retirement of Long-Term Liabilities	4,738,000.00	4,297,000.00
Increase in Restricted Assets - Net	1,807,003.01	727,490.67
Total Uses of Working Capital	$ 9,084,356.02	$ 8,830,469.09
Net Increase (Decrease) in Working Capital	($ 3,536,619.08)	$ 1,752,687.21
COMPONENT ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:		
Cash on Deposit	($ 1,927,093.31)	($ 2,396,972.35)
U.S. Government Securities	(4,770,384.92)	1,096,253.53
Accounts Receivable - Net	(1,020,169.02)	(513,282.27)
Due from Other Funds	(480,811.39)	(413,026.46)
Due from Special Accounts	223,080.66	(28,802.30)
Prepaid Expenses	(284,140.38)	(245,151.59)
Accrued Interest Receivable	1,234.83	-
Accounts Payable	1,996,664.45	1,663,668.65
Revenue Bonds Payable - Current Maturities	2,725,000.00	2,590,000.00
Net Increase or (Decrease) in Working Capital	($ 3,536,619.08)	$ 1,752,687.21

The notes to the financial statements are an integral part of this statement.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Accounting:

The accounts of Chicago-O'Hare International Airport are maintained and the accompanying financial statements have been prepared on the accrual basis of accounting. The Airport is accounted for as an enterprise fund.

B. Restricted Assets:

The authorizing Revenue Bond Ordinance requires that during the period in which bonds are outstanding the City shall maintain trust accounts for the proceeds from the sale of bonds and certain allocations of net revenues (see Note 1-G). The assets of the trust accounts may only be used for the specific purpose of each trust including bond interest, debt service, emergency reserve, bond retirement, maintenance reserve and construction.

C. United States Treasury Bills and Treasury Notes:

Investments in these securities are carried at cost. Interest is accrued only on those securities having stated interest rates, i.e., Treasury Notes. Discounts and premiums are recognized at the time of maturity or sale. The aggregate cost of the securities was $486,783.44 in excess of market value at June 30, 1979 while the cost exceeded market value by $649,050.26 at June 30, 1978. Components of this excess are as follows:

	Cost at June 30,		Market at June 30,	
	1979	1978	1979	1978
Investments in U.S. Government Securities:				
Unrestricted	$ 5,231,380.09	$10,175,472.02	$ 5,231,864.71	$10,199,043.40
Restricted	55,042,275.79	52,468,110.01	54,555,007.73	51,795,488.37
Total	$60,273,655.88	$62,643,582.03	$59,786,872.44	$61,994,531.77

D. Accounts Receivable:

In accordance with the Revenue Bond Ordinance, all accounts receivable uncollected for a period of thirty days after due date are considered uncollectible and are to be provided for. As of June 30, 1979 and 1978, allowances of $2,600,309.63 and $1,716,006.40 respectively were recorded for these accounts. Approximately $1,309,000.00 of the June 30, 1979 amount was subsequently collected by September 30, 1979.

E. Property, Plant and Equipment:

All fixed assets are recorded at cost. Land includes the cost of earthwork and landscaping. As of June 30, 1979 and 1978 property, plant and equipment consisted of the following:

	1979	1978
Land	$ 50,994,641.32	$ 50,994,641.32
Buildings and Other Facilities	303,693,905.25	299,307,692.66
Construction in Progress	11,620,952.67	11,607,909.40
Total Property - at cost	$366,309,499.24	$361,910,243.38

The financial statements reflect fixed assets acquired with Revenue Bond money and with money from other sources. These sources are:

City Money
State and Federal Money
Public Utility, Concessionaire and Airline Money

The gross amounts of those assets acquired with money from other sources is shown below:

	At June 30, 1979	1978
Cost of fixed assets acquired with contributed capital	$128,695,129.94	$124,332,345.20
Accumulated depreciation	32,044,407.37	29,308,240.67
Net - Contribution	$ 96,650,722.57	$ 95,024,104.53

1. Fixed assets acquired with City money include capitalized interest for the use of City money. Interest is capitalized from the commencement of the land improvement or construction activity through the year of completion.

2. Fixed assets acquired with State and Federal money represent grants received that are reimbursements for fixed assets acquired with City money. The grants are recognized only as received. As of June 30, 1979 and 1978 a maximum of $23,854,394.19 and $21,608,918.58 respectively may be realized in future periods from such grants.

3. Fixed assets acquired with Public Utility, Concessionaire and Airline money are comprised of direct reimbursements and amounts expended directly and indirectly from operating revenues. The Revenue Bond Ordinance does not allow the expenditure of operating revenues for Capital improvements. However, the Airlines Representative has agreed to substantially all of these expenditures. Using operating revenues for this purpose has the effect of raising flight fees.

   In accordance with the Revenue Bond Ordinance, all replacements of vehicles, furnishings, signs and other equipment are expensed during the year of acquisition.

F. Depreciation and Amortization:

   Depreciation on Buildings and Other Facilities is provided on a straight-line basis over the estimated useful life of the individual assets. Depreciation charges are begun in the year following the year of acquisition or completion. Deferred Engineering Costs with an original balance of $1,226,701.79 are being amortized on a straight-line basis over 25 years.

G. Revenues:

In accordance with the Revenue Bond Ordinance, all operating revenues and unrestricted interest earned on investments are accounted for through the Revenue Fund. These revenues are to be allocated first to the Operation and Maintenance Account and then allocated in the following order of priority to the following special accounts:

Revenue Bond Interest
Debt Service
Revenue Bond Retirement
Emergency Reserve
Further explanation of the allocations are detailed in Note 1-H

Interest earned on restricted asset accounts for June 30, 1979 and and 1978 is detailed below:

	1979	1978
Restricted Asset Account:		
Reserve Maintenance	$ 115,544.91	$ 79,071.62
Emergency Reserve	1,344,815.28	1,283,133.59
Construction Reserve	233,749.71	142,336.68
Total	$1,694,109.90	$1,504,541.89

While the restricted interest of the special accounts is accounted for through the Revenue Fund, no restricted interest is included in the allocation of revenues. Restricted interest of the construction accounts is accounted for in the individual construction accounts.

H. Allocation of Revenues:

The Revenue Bond Ordinance requires the allocation of revenues for specified purposes in the following order of priority:

1.. For ordinary costs of operation and maintenance, but not in excess of the amount budgeted by the City for such purposes.

2. For amounts equal to interest on bonds outstanding. Interest paid during the six months ended June 30, 1979 and 1978 totaled $2,972,913.14 and $3,363,119.68 respectively.

3. To maintain the balance of the Debt Service Reserve at an amount equal to two years' interest requirements. All Revenue Bond issues were fully funded at December 31, 1975 through allocations made in prior years. Bonds in the principal amounts of $7,463,000.00 and $6,887,000.00 were purchased or called during the six months ended June 30, 1979 and 1978. The corresponding interest requirements of $780,695.00 and $720,805.00 for the six months ended June 30, 1979 and 1978 were transferred to the Revenue Bond Retirement Reserve.

4. For required minimum payments to the Revenue Bond Retirement Reserve. The minimum payments for the six months ended June 30, 1979 and 1978 were $2,725,000.00 and $2,590,000.00 respectively. Remaining minimum Bond Retirement deposits are detailed below:

Period	Required Minimum Bond Retirement Payment
1979	$ 2,724,000.00
1980	5,736,000.00
1981	6,036,000.00
1982	6,354,000.00
1983	6,685,000.00
1984 thru 1996	76,452,000.00
Total	$103,987,000.00

As mentioned in footnotes H-3 and H-8, additional payments to the Revenue Bond Retirement Reserve may be made. Allocations to the Revenue Bond Retirement Reserve totaled $7,389,928.36 and $6,939,831.82 for the six months ended June 30, 1979 and 1978 respectively.

5. For annual payment of $1,160,000.00 ($580,000.00 for the semi annual payment) to the Maintenance Reserve until $4,833,334.00 is accumulated in the Reserve. This money is available for the payment of major repairs, renewals and replacements. Expenditures of $138,253.91 and $1,291,047.24 during the six months ended June 30, 1979 and 1978 respectively were made from this account for the specified purposes.

6. To pay to the Emergency Reserve an amount equal to the sum of the semi annual provisions for depreciation and amortization of fixed and other assets acquired with City money and interest on City money invested in fixed and other assets of the Airport.

   The components of this amount for the six months ended June 30, 1979 and 1978 are as follows:

	1979	1978
Depreciation	$110,290.03	$133,081.93
Amortization	24,534.04	24,534.04
Interest	398,859.65	444,389.59
Total Allocation	$533,683.72	$602,005.56

   Monies held to the credit of the Emergency Reserve Account shall be treated as revenues to provide for the abatement of landing fees in the event that the Airport is closed.

7. To provide for deferred income to reduce future flight fees. To the extent that revenues for the year as defined in the Ordinance, including the application of deferred income from the previous year, exceed "Airport expense" as defined, the excess shall be considered deferred income and as revenues of the next succeeding year. For the six months ended June 30, 1979 and 1978 $12,304,808.83 and $21,017,669.94 respectively had been deferred to reduce future flight fees.

8. To provide for the retirement of Revenue Bonds in addition to the minimum payment referred to in Note H-4. Any remaining revenues after making the previously listed allocations shall be allocated to the Revenue Bond Retirement Reserve; $3,884,233.36 and $3,629,026.82 were so credited for the six months ended June 30, 1979 and 1978.

NOTE 2 - REVENUE BONDS AND RETIREMENT:

A. Revenue Bonds:

The Chicago-O'Hare International Airport Revenue Bonds were issued under the authority of an ordinance adopted December 29, 1958, and subsequent supplemental ordinances. The Bonds were issued to provide monies for the extension and improvement of the Airport and its facilities. The following information is presented regarding the status of the Bonds as of June 30, 1979 and 1978:

	1979	1978
Amount authorized	$238,000,000.00	$238,000,000.00
Amount sold	232,000,000.00	232,000,000.00
Amount called or purchased and retired	125,097,512.50	110,436,585.00
Amount called but not presented to bank trustee for retirement	2,915,487.50	2,825,415.00
Amount outstanding	103,987,000.00	118,738,000.00

The Revenue Bonds outstanding at June 30, 1979 and 1978 are composed of the following:

	1979	1978
4 3/4% Series of 1959	$ 42,496,000.00	$ 50,958,000.00
4 3/4% Series A of 1961	8,792,000.00	9,653,000.00
4 1/4% Series B of 1961	1,253,000.00	1,517,000.00
4 1/2% Series of 1967	1,975,000.00	2,318,000.00
5% Series of 1968	8,201,000.00	9,382,000.00
6.80 % Series of March, 1970	35,415,000.00	38,505,000.00
6% Series of 1972	5,855,000.00	6,405,000.00
Total	$103,987,000.00	$118,738,000.00

The unexpended proceeds from Revenue Bond issues amounted to $5,164,156.78 and $4,764,861.69 at June 30, 1979 and 1978.

The amounts are comprised of the following:

	June 30, 1979	June 30, 1978
Construction Accounts' Assets	$ 5,187,723.05	$ 4,769,038.27
Less - Construction Accounts' Liabilities	23,566.27	4,176.58
Reserve for Construction	$ 5,164,156.78	$ 4,764,861.69

B. Retirement:

Revenue Bonds are to be retired as rapidly as practicable through the revenues allocated to the Revenue Bond Retirement Reserve. Bonds may be redeemed by call at prices ranging downward from 105% to 100% of principal amount plus accrued interest to December 31, 1991, and thereafter, at par value plus accrued interest. In addition, Bonds may be redeemed by purchase in the open market or tender at prices not in excess of the next predetermined call prices. The followong information is presented regarding Bonds purchased or called for retirement through June 30, 1979.

	June 30, 1978	June 30, 1979	Cumulative
Par value of bonds purchased or called	$6,887,000.00	$7,463,000.00	$128,013,000.00
Cost of Bond purchased or called (excluding premium)	6,887,000.00	7,463,000.00	121,712,030.75
Premiums paid on Bonds purchased or called	191,764.25	199,925.00	1,595,652.95

Premiums paid on Bonds purchased or called are charged to Airport operations in the year of payment. Discounts on Bonds purchased are retained in the Bond Retirement Reserve to purchase additional Bonds.

Bonds also may be redeemed with monies that are not allocations of revenues to the Retirement Reserve. Call prices for this type of redemption have been adopted which exceed the previously referred to call prices by not more than 2% of principal amount. As of June 30, 1979 the City has never opted to retire Airport Bonds by this method.

NOTE 3 - PENSION PLANS:

The employees of the City of Chicago are covered under various contributory retirement plans established by State Statute. The policemen are members of The Policemen's Annuity and Benefit Fund of Chicago; firemen are members of The Firemen's Annuity and Benefit Fund of Chicago; other employees are members of either The Municipal Employees', Officers' and Officials' Annuity and Benefit Fund of Chicago or The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago. The City of Chicago contributions are multiples of the employee contributions made two years prior. The City's share of contributions is funded by net tax levies.

Substantially all full-time City employees whose salaries are paid through Chicago-O'Hare funds participate in one of the above pension plans. Pension contributions charged to operations for June 30, 1979 and 1978 were $1,263,627.20 and $1,140,808.73 respectively.

Based upon the most recent information submitted by the City's Consulting Actuary, the total unfunded liabilities of the four City of Chicago Pension Funds as of December 31, 1978 is $1,616,405,630.00.

The unfunded pension liabilities which are not reflected in these statements, of the four City of Chicago Pension Funds have not been determined.

It is impossible to determine the portion of unfunded liabilities which pertain to employees paid through Chicago-O'Hare International Airport accounts.

NOTE 4 - OTHER INFORMATION:

A. The Revenue Bond Ordinance provides that "Airport expense", for the purpose of computing flight fees collectible from the airlines, shall include depreciation and amortization only on fixed assets acquired with City money and interest on City money invested in land, buildings, other facilities and deferred engineering costs. See Note 1-H-6.

NOTE 4 - OTHER INFORMATION:

B. Matured Interest on Revenue Bonds is comprised of the following:

	June 30, 1979	June 30, 1978
Payment to bank trustee for coupons due July 1, 1979 and 1978	$2,927,148.75	$3,308,732.50
Prior payments to bank trustee - coupons not presented for redemption	98,112.46	89,703.71
Total	$3,025,261.21	$3,398,436.21

C. Matured Revenue Bonds represent bonds called but not presented to the bank trustee for retirement.

D. Contract commitments to be financed by the Operation and Maintenance account at June 30, 1979 and 1978 totaled $13,230,224.08 and $8,260,061.87 respectively.

SCHEDULE A-1

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

RECONCILIATION TO "NET REVENUES" AS DEFINED
IN REVENUE BOND ORDINANCE
FOR THE SIX MONTHS ENDED JUNE 30, 1979 AND 1978

	Six Months Ended June 30, 1979	1978
NET INCOME (LOSS)	($ 1,261,862.78)	$ 1,452,318.37
ADD OR (DEDUCT) ADJUSTMENTS TO REFLECT ORDINANCE BASIS OF ACCOUNTING:		
Amounts Included Above in Determination of Net Income:		
Depreciation	5,591,993.84	5,528,337.04
Amortization of Deferred Engineering Costs	24,534.04	24,534.04
Expenditures from Reserve Maintenance Account	138,253.91	1,291,047.24
Interest Earned on Investments - Restricted	(1,694,109.90)	(1,504,541.89)
Interest on Revenue Bonds	2,972,913.14	3,363,119.68
Amounts Not Included Above in Determination of Net Income:		
Expenditures of Operating Revenue for Capital Improvements	(1,337,511.11)	(227,975.21)
Application of Deferred Income from Preceding Year as Reduction of Flight Fees	18,566,427.91	21,854,982.73
"NET REVENUES" AS DEFINED IN BOND ORDINANCE	$23,000,639.05	$31,781,822.00
ALLOCATION OF "NET REVENUES" IN ORDER OF PRIORITY:		
Revenue Bond Interest	$ 2,972,913.14	$ 3,363,119.68
Revenue Bond Retirement - Minimum Payment	2,725,000.00	2,590,000.00
Reserve Maintenance	580,000.00	580,000.00
Emergency Reserve	533,683.72	602,005.56
Deferred Income to Reduce Flight Fees in Following Year	12,304,808.83	21,017,669.94
Remainder - Additional Allocation to Revenue Bond Retirement	3,884,233.36	3,629,026.82
TOTAL ALLOCATION OF "NET REVENUES"	$23,000,639.05	$31,781,822.00

SCHEDULE A-2

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT
ANALYSIS OF CHANGES IN CONTRIBUTED CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 1979 AND 1978

	City of Chicago	State and Federal	Public Utility Concessionaire and Airline	1979 Total	1978 Total
BALANCE - January 1,	$20,286,338.26	$46,439,258.60	$28,891,554.08	$95,617,150.94	$92,700,492.67
ADD:					
Increase in Fixed Assets Acquired with					
City Money	$ 1,193,071.84	$ -	$ -	$ 1,193,071.84	$ 3,577,966.85
State and Federal Money	(3,566,644.10)	3,566,644.10	-	-	-
Public Utility, Concessionaire and Airline Money	-	-	1,337,511.11	1,337,511.11	227,975.21
Total	($ 2,373,572.26)	$ 3,566,644.10	$ 1,337,511.11	$ 2,530,582.95	$ 3,805,942.06
Balance	$17,912,766.00	$50,005,902.70	$30,229,065.19	$98,147,733.89	$96,506,434.73
Less:					
Provision for Depreciation	$ 110,290.03	$ 701,739.97	$ 587,928.07	$ 1,399,958.07	$ 1,336,208.87
Amortization of Deferred Engineering Costs	24,534.04	-	-	24,534.04	24,534.04
Total	$ 134,824.07	$ 701,739.97	$ 587,928.07	$ 1,424,492.11	$ 1,360,742.91
BALANCE - June 30,	$17,777,941.93	$49,304,162.73	$29,641,137.12	$96,723,241.78	$95,145,691.82

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

ANALYSIS OF CHANGES IN RETAINED EARNINGS - RESERVED
FOR THE SIX MONTHS ENDED JUNE 30, 1979 AND 1978

	Revenue Bond Interest	Debt Service	Revenue Bond Retirement	Maintenance Reserve	Emergency Reserve	Construction	Reduction Of Future Flight Fees	1979 Total	1978 Total
BALANCE - JANUARY 1,	$ -	$12,276,450.00	$ 89,669.78	$1,926,815.94	$34,982,865.30	$4,939,177.13	$18,566,427.91	$72,781,406.06	$ 74,375,254.22
Add:									
Allocation of Net Revenue	$2,972,913.14	$ -	$6,609,233.36	$ 580,000.00	$ 533,683.72	$ -	$12,304,808.83	$23,000,639.05	$ 31,781,822.00
Transfer of Premiums on Revenue Bonds Retired	-	-	199,925.00	-	-	-	-	199,925.00	191,764.25
Interest Earned on Investments - Restricted	-	-	-	115,544.91	1,344,815.28	233,749.71	-	1,694,109.90	1,504,541.89
Transfer from Debt Service Account	-	(780,695.00)	780,695.00	-	-	-	-	-	-
Transfers to Matured Revenue Bond Interest and Matured Revenue Bond Accounts	(2,927,148.75)	-	(1,635,425.00)	-	-	-	-	(4,562,573.75)	(4,813,532.50)
Total	$ 45,764.39	($ 780,695.00)	$5,954,428.36	$ 695,544.91	$ 1,878,499.00	$ 233,749.71	$12,304,808.83	$20,332,100.20	$ 28,664,595.64
Balance	$ 45,764.39	$11,495,755.00	$6,044,098.14	$2,622,360.85	$36,861,364.30	$5,172,926.84	$30,871,236.74	$93,113,506.26	$103,039,849.86
Less:									
Purchase of Chicago-O'Hare International Airport Revenue Bonds	$ 45,764.39	$ -	$6,027,500.00	$ -	$ -	$ -	$ -	$ 6,073,264.39	$ 5,628,351.43
Application of Deferred Income from Preceding Year as Reduction of Flight Fees	-	-	-	-	-	-	18,566,427.91	18,566,427.91	21,854,982.73
Expenditure from Reserve Maintenance Account	-	-	-	138,253.91	-	-	-	138,253.91	1,291,047.24
Expenditures for Fixed Assets Acquired with Revenue Bond Money	-	-	-	-	-	8,770.06	-	8,770.06	36.36
Total	$ 45,764.39	$ -	$6,027,500.00	$ 138,253.91	$ -	$ 8,770.06	$18,566,427.91	$24,786,716.27	$ 28,774,417.76
BALANCE - June 30,	$ -	$11,495,755.00	$ 16,598.14	$2,484,106.94	$36,861,364.30	$5,164,156.78	$12,304,808.83	$68,326,789.99	$ 74,265,432.10

SCHEDULE A-4

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT
ANALYSIS OF CHANGES IN RETAINED EARNINGS-CONSTRUCTION
FOR THE SIX MONTHS ENDED JUNE 30, 1979 AND 1978

	General Construction of 1968	Elevated Garage	Pedestrian Access Roads	Heating and Refrigeration Plant Expansion	Fueling System Expansion	1979 Total	1978 Total
Balance - January 1,	$3,603,766.23	$536,713.01	$325,024.32	$267,954.67	$205,718.90	$4,939,177.13	$4,622,561.37
Add:							
Interest Earned on Investments - Restricted	173,987.85	21,566.00	15,556.95	12,770.84	9,868.07	233,749.71	142,336.68
Balance	$3,777,754.08	$558,279.01	$340,581.27	$280,725.51	$215,586.97	$5,172,926.84	$4,764,898.05
Less:							
Expenditures for Fixed Assets Acquired with Revenue Bond Money	-	8,770.06	-	-	-	8,770.06	36.36
BALANCE - JUNE 30,	$3,777,754.08	$549,508.95	$340,581.27	$280,725.51	$215,586.97	$5,164,156.78	$4,764,861.69

CITY OF CHICAGO

CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1980

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Department of Finance
Daniel J. Grim
City Comptroller

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Chicago, Illinois 60602
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CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1980

Prepared by the Accounting Division
Office of the City Comptroller
City of Chicago, Illinois
November 5, 1980

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BALANCE SHEETS

CHICAGO-O'HARE INTERNATIONAL AIRPORT

	June 30 1980	June 30 1979
ASSETS		
CURRENT ASSETS		
Cash	$ 9,147,668	$ 7,306,769
U.S. Government securities--at cost	13,566,965	5,231,380
Accounts receivable, less allowance for doubtful accounts (1980--$3,112,463; 1979--$2,600,310)	12,975,712	8,234,907
Accrued interest receivable	-	1,235
Due from other funds	-	410,977
Due from special accounts	150,500	107,468
Prepaid expenses	31,356	48,847
TOTAL CURRENT ASSETS	$ 35,872,201	$ 21,341,583
RESTRICTED ASSETS		
Cash	$ 3,119,036	$ 139,562
U.S. Government securities--at cost	55,181,126	55,042,276
Accrued interest receivable	616,890	1,047,783
TOTAL RESTRICTED ASSETS	$ 58,917,052	$ 56,229,621
FIXED ASSETS		
Land	$ 50,994,641	$ 50,994,641
Buildings and other facilities	309,295,537	303,693,905
Construction in progress	17,627,876	11,620,953
	$377,918,054	$366,309,499
Less allowances for depreciation	154,946,721	143,672,290
FIXED ASSETS--NET	$222,971,333	$222,637,209
OTHER ASSETS		
Deferred engineering costs	$ 1,226,701	$ 1,226,701
Less amortization	1,202,709	1,154,182
OTHER ASSETS--NET	$ 23,992	$ 72,519
TOTAL ASSETS	$317,784,578	$300,280,932

	June 30 1980	June 30 1979
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Revenue bonds payable--current Maturities	$ 2,868,000	$ 2,724,000
Accounts payable	12,167,588	9,036,774
Due to other funds	768,037	-
TOTAL CURRENT LIABILITIES	$ 15,803,625	$ 11,760,774
LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Accounts payable	$ 50,556	$ 79,772
Accrued interest payable	2,316,134	-
Due to other funds	-	20,399
Due to special accounts	150,500	107,468
Airline deposits	1,121,810	-
TOTAL LIABILITIES PAYABLE FROM RESTRICTED ASSETS	$ 3,639,000	$ 207,639
LONG-TERM LIABILITIES		
Revenue bonds payable--less current maturities	$ 80,037,000	$101,263,000
DEFERRED LIABILITIES		
Deferred rental income	$ 437,273	$ -
TOTAL LIABILITIES	$ 99,916,898	$113,231,413
EQUITY		
Contributed capital	$105,327,976	$ 96,723,242
Retained earnings:		
Reserved:		
Debt service	$ 9,264,535	$ 11,495,755
Revenue bond retirement	68,920	16,598
Maintenance	4,044,650	2,484,107
Emergency	41,347,230	36,861,364
Construction	552,717	5,164,157
Future flight fee reduction	22,499,303	12,304,809
TOTAL RETAINED EARNINGS--RESERVED	$ 77,777,355	$ 68,326,790
Unreserved	34,762,349	21,999,487
TOTAL RETAINED EARNINGS	$112,539,704	$ 90,326,277
TOTAL EQUITY	$217,867,680	$187,049,519
TOTAL LIABILITIES AND EQUITY	$317,784,578	$300,280,932

See notes to financial statements

EXHIBIT B

STATEMENT OF CHANGES IN CONTRIBUTED CAPITAL

CHICAGO-O'HARE INTERNATIONAL AIRPORT

	Six Months Ended June 30, 1980				
	City of Chicago	State and Federal	Public Utility, Concessionaire and Airline	Total	Six Months Ended June 30, 1979 Total
Balance - January 1,	$ 19,897,689	$ 49,972,931	$ 35,387,748	$105,258,368	$ 95,617,151
Add:					
Increase in fixed assets acquired with City of Chicago money	$ 842,247	$ -	$ -	$ 842,247	$ 1,193,072
Public utility, concessionaire and airline money	-	-	739,612	739,612	1,337,511
	$ 842,247	$ -	$ 739,612	$ 1,581,859	$ 2,530,583
	$ 20,739,936	$ 49,972,931	$ 36,127,360	$106,840,227	$ 98,147,734
Less:					
Provision for depreciation	$ 125,150	$ 770,565	$ 592,543	$ 1,488,258	$ 1,399,958
Amortization of deferred engineering costs	23,993	-	-	23,993	24,534
	$ 149,143	$ 770,565	$ 592,543	$ 1,512,251	$ 1,424,492
Balance June 30,	$ 20,590,793	$ 49,202,366	$ 35,534,817	$105,327,976	$ 96,723,242

See notes to financial statements.

EXHIBIT C

STATEMENT OF CHANGES IN RETAINED EARNINGS

CHICAGO-O'HARE INTERNATIONAL AIRPORT

	Six Months Ended June 30, 1980										
	Revenue Bond Interest	Debt Service	Revenue Bond Retirement	Maintenance Reserve	Emergency Reserve	Construction	Reduction of Future Flight Fees	Total	Unreserved	Total	Six Months Ended June 30, 1979 Total
Balance - January 1,	$ -	$10,707,310	$ 4,928,371	$3,223,938	$38,782,508	$514,465	$17,259,265	$75,415,857	$25,394,530	$100,810,387	$ 91,501,159
Add (deduct):											
Allocation of net revenue	$2,504,433	$ -	$ 7,077,714	$ 580,000	$ 559,024	$ -	$22,499,303	$33,220,474	$ -	$ 33,220,474	$ 23,000,639
Transfer of premiums on revenue bonds retired	-	-	132,672	-	-	-	-	132,672	-	132,672	199,925
Interest earned on investments--restricted	-	-	-	240,712	2,005,698	38,252	-	2,284,662	-	2,284,662	1,694,110
Transfer from debt service account	-	(1,442,775)	1,442,775	-	-	-	-	-	-	-	-
Fixed assets acquired with revenue bond money	-	-	-	-	-	-	-	-	-	-	8,770
Revenue bonds retired	-	-	-	-	-	-	-	-	13,562,000	13,562,000	7,463,000
	$2,504,433	($ 1,442,775)	$ 8,653,161	$ 820,712	$ 2,564,722	$ 38,252	$22,499,303	$ 35,637,808	$13,562,000	$ 49,199,808	$ 32,366,444
	$2,504,433	$ 9,264,535	$13,581,532	$4,044,650	$41,347,230	$552,717	$39,758,568	$111,053,665	$38,956,530	$150,010,195	$123,867,603
Less:											
Interest paid on revenue bonds	$2,504,433	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,504,433	$ -	$ 2,504,433	$ 2,972,913
Amounts expended for retirement of revenue bonds	-	-	13,512,612	-	-	-	-	13,512,612	-	13,512,612	7,662,925
Application of deferred income from preceding year as reduction of flight fees	-	-	-	-	-	-	17,259,265	17,259,265	-	17,259,265	18,566,428
Expenditures from maintenance reserve account	-	-	-	-	-	-	-	-	-	-	138,254
Expenditures for fixed assets acquired with revenue bond money	-	-	-	-	-	-	-	-	-	-	8,770
Provision for depreciation of assets acquired with revenue bond money	-	-	-	-	-	-	-	-	4,194,181	4,194,181	4,192,036
	$2,504,433	$ -	$13,512,612	$ -	$ -	$ -	$17,259,265	$ 33,276,310	$ 4,194,181	$ 37,470,491	$ 33,541,326
BALANCE - JUNE 30,	$ -	$ 9,264,535	$ 68,920	$4,044,650	$41,347,230	$552,717	$22,499,303	$ 77,777,355	$34,762,349	$112,539,704	$ 90,326,277

See notes to financial statements.

EXHIBIT D

STATEMENTS OF REVENUES AND EXPENSES

CHICAGO-O'HARE INTERNATIONAL AIRPORT

	Six Months Ended June 30 1980	1979
OPERATING REVENUES		
Flight fees	$23,187,435	$16,428,021
Rent, concessions, and other	24,391,577	19,076,469
TOTAL OPERATING REVENUES	$47,579,012	$35,504,490
OPERATING EXPENSES		
Salaries and wages	$13,483,038	$12,162,727
Provision for depreciation	5,682,439	5,591,994
Amortization of deferred engineering costs	23,993	24,534
Repairs and maintenance-- including expenditures from maintenance reserve account	5,291,121	7,760,145
Other operating expenses	13,452,173	10,783,135
TOTAL OPERATING EXPENSES	$37,932,764	$36,322,535
OPERATING INCOME (LOSS)	$ 9,646,248	($ 818,045)
NONOPERATING INCOME AND (EXPENSE)		
Interest earned on investments	$ 3,765,475	$ 2,729,020
Discount on revenue bonds retired	182,060	-
Interest on revenue bonds	(2,504,433)	(2,972,913)
Premium on revenue bonds retired	(132,672)	(199,925)
NET NONOPERATING INCOME (EXPENSE)	$ 1,310,430	($ 443,818)
NET INCOME (LOSS)	$10,956,678	($ 1,261,863)

See notes to financial statements.

EXHIBIT E

STATEMENT OF "NET REVENUES" AS DEFINED IN REVENUE BOND ORDINANCE

CHICAGO-O'HARE INTERNATIONAL AIRPORT

	Six Months Ended June 30 1980	1979
NET INCOME (LOSS)	$10,956,678	($ 1,261,863)
ADD (DEDUCT) ADJUSTMENTS TO REFLECT ORDINANCE BASIS OF ACCOUNTING		
Amounts included above in determination of revenues in excess of expenses:		
Provision for depreciation	5,682,439	5,591,994
Amortization of deferred engineering costs	23,993	24,534
Expenditures from maintenance reserve account	-	138,254
Interest earned on investments--restricted	(2,284,662)	(1,694,110)
Interest on revenue bonds	2,504,433	2,972,913
Discount on revenue bonds retired	(182,060)	-
Amounts not included above in determination of revenues in excess of expenses:		
Expenditures of operating revenue for capital improvements	(739,612)	(1,337,511)
Application of deferred income from preceding year as reduction of flight fees	17,259,265	18,566,428
"NET REVENUES" AS DEFINED IN REVENUE BOND ORDINANCE	$33,220,474	$23,000,639
ALLOCATION OF "NET REVENUES" IN ORDER OF PRIORITY		
Revenue bond interest	$ 2,504,433	$ 2,972,913
Revenue bond retirement--minimum payment	2,868,000	2,725,000
Maintenance reserve	580,000	580,000
Emergency reserve	559,024	533,684
Deferred income to reduce flight fees in following year	22,499,303	12,304,809
Remainder--additional allocation to revenue bond retirement	4,209,714	3,884,233
TOTAL ALLOCATION OF "NET REVENUES"	$33,220,474	$23,000,639

See notes to financial statements.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

CHICAGO-O'HARE INTERNATIONAL AIRPORT

	Six months ended June 30 1980	1979
SOURCES OF WORKING CAPITAL		
From operations:		
Net income (loss)	$10,956,678	($ 1,261,862)
Add expenses not requiring an outlay of working capital:		
Provision for depreciation	5,682,439	5,591,994
Amortization of deferred engineering costs	23,993	24,534
TOTAL WORKING CAPITAL PROVIDED FROM OPERATIONS	$16,663,110	$ 4,354,666
Decrease in restricted assets - net	2,878,540	-
City of Chicago contributions for fixed assets	842,247	1,193,071
TOTAL SOURCES OF WORKING CAPITAL	$20,383,897	$ 5,547,737
USES OF WORKING CAPITAL		
Decrease in deferred rental income	$ 24,148	$ -
Acquisition of fixed assets	1,581,859	2,539,353
Retirement of long-term liabilities	10,694,000	4,738,000
Increase in restricted assets--net	-	1,807,003
TOTAL USES OF WORKING CAPITAL	$12,300,007	$ 9,084,356
INCREASE (DECREASE) IN WORKING CAPITAL	$ 8,083,890	($ 3,536,619)
CHANGES IN COMPONENTS OF WORKING CAPITAL		
Increase (decrease) in current assets:		
Cash	($ 3,474,612)	($ 1,927,093)
U.S. Government securities	7,621,474	(4,770,384)
Accounts receivable--net	(568,968)	(1,020,169)
Due from other funds	(1,555,657)	(480,811)
Due from special accounts	150,500	107,468
Prepaid expenses	(284,621)	(284,140)
Accrued interest receivable	-	1,234
	$ 1,888,116	($ 8,373,895)
Decrease (increase) in current liabilities:		
Revenue bonds payable--current maturities	$ 2,868,000	$ 2,725,000
Accounts payable	(1,831,115)	1,996,664
Due to other funds	5,060,345	-
Due to special accounts	98,544	115,612
	$ 6,195,774	$ 4,837,276
INCREASE (DECREASE) IN WORKING CAPITAL	$ 8,083,890	($ 3,536,619)

See notes to financial statements.

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

Financial statements have been prepared on the accrual basis of accounting, accounted for as an enterprise fund and conforming with the reporting requirements set forth in National Council on Governmental Accounting (NCGA) Statements 1 and 2.

2. Restricted Assets

The authorizing Revenue Bond Ordinance requires that during the period in which bonds are outstanding, the City of Chicago shall maintain trust accounts for the proceeds from the sale of bonds and certain allocations of "net revenues" as defined (see Note A-7). The assets of the trust accounts may only be used for the specific purpose of each trust including bond interest, debt service, emergency reserve, bond retirement, maintenance reserve, and construction.

3. U.S. Government Securities

Investments in U.S. Treasury bills and Treasury notes are carried at cost. Interest is accrued only on those securities having stated interest rates, i.e., Treasury notes. Discounts and premiums are recognized at the time of maturity or sale. The aggregate cost and market value compare as follows:

	Cost		Market	
	June 30,		June 30,	
	1980	1979	1980	1979
Unrestricted	$13,566,965	$ 5,231,380	$13,577,750	$ 5,231,864
Restricted	55,181,126	55,042,276	56,377,505	54,555,008
TOTAL	$68,748,091	$60,273,656	$69,955,255	$59,786,872

4. Accounts Receivable

In accordance with the Revenue Bond Ordinance, all accounts receivable uncollected for a period of 30 days after due date are considered uncollectible and are provided for. As of June 30, 1980 and 1979, allowances of $3,112,463 and $2,600,310, respectively, were recorded for these accounts. Approximately $1,941,000 of the June 30, 1980 amount was subsequently collected by September 30, 1980.

NOTE A--SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5. Property, Plant and Equipment

All fixed assets are recorded on the basis of cost. Land includes the cost of earthwork and landscaping. Fixed assets are acquired with Revenue Bond proceeds and three other sources as follows:

a. Fixed assets acquired with City of Chicago money include during the six months ended June 30, 1980 $121,454 capitalized interest for the use of City of Chicago money. Interest is capitalized from the commencement of the land improvement or construction activity through the year of completion.

b. Fixed assets acquired with State and Federal money represent grants received that are reimbursements for fixed assets acquired with City of Chicago money. The grants are recognized only as received. As of June 30, 1980 and 1979 a maximum of $23,070,923 and $23,854,394, respectively, may be realized in future periods from such grants.

c. Fixed assets acquired with Public Utility, Concessionaire and Airline money are comprised of direct reimbursements and amounts expended directly and indirectly from operating revenues. The Revenue Bond Ordinance does not allow the expenditure of operating revenues for capital improvements. However, the Airlines' Representative has agreed to substantially all of these expenditures. Using operating revenues for this purpose has the effect of increasing flight fees.

In accordance with the Revenue Bond Ordinance, all replacements of vehicles, furnishings, signs and other equipment are expensed during the year of acquisition.

6. Depreciation and Amortization

Provisions for depreciation of buildings and other facilities are provided on a straight-line basis over the estimated useful lives of the individual assets. Depreciation charges are begun in the year following the year of acquisition or completion. Deferred engineering costs with an original balance of $1,226,701 are being amortized on a straight-line basis over 25 years and will be fully amortized December 31, 1980.

NOTE A--SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

7. Allocation of Revenues

The Revenue Bond Ordinance requires the allocation of revenues for specified purposes in the following order of priority:

a. For ordinary costs of operation and maintenance, but not in excess of the amount budgeted by the City of Chicago for such purposes.

b. For amounts equal to interest on bonds outstanding. Interest paid during the six months ended June 30, 1980 and 1979 totaled $2,504,433 and $2,972,913, respectively.

c. To maintain the balance of the Debt Service Reserve at an amount equal to two years' interest requirements. All Revenue Bond issues were fully funded at December 31, 1975 through allocations made in prior years. Bonds in the principal amounts of $13,562,000 and $7,463,000 were purchased or called during the six months ended June 30, 1980 and 1979. The corresponding interest requirements of $1,442,775 and $780,695 for the six months ended June 30, 1980 and 1979 were transferred to the Revenue Bond Retirement Reserve.

d. For required minimum payments to the Revenue Bond Retirement Reserve. The minimum payments for the six months ended June 30, 1980 and 1979 were $2,868,000 and $2,725,000, respectively. Remaining Minimum Bond Retirement deposits are detailed below:

Period	Required Minimum Bond Retirement Payment
1980	$ 2,868,000
1981	6,036,000
1982	6,354,000
1983	6,685,000
1984	7,042,000
1985 through 1991	53,920,000
TOTAL	$82,905,000

NOTE A--SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

As mentioned in Notes A7-c and A7-h, additional payments to the Revenue Bond Retirement Reserve may be made. Allocations to the Revenue Bond Retirement Reserve totaled $8,520,489 and $7,389,928 for the six months ended June 30, 1980 and 1979 respectively.

e. For annual payment of $1,160,000 ($580,000 for the semi annual payment) to the Maintenance Reserve until $4,833,334 is accumulated in the Reserve. This money is available for the payment of major repairs, renewals and replacements. Expenditures of $ - and $138,254 during the six months ended June 30, 1980 and 1979, respectively, were made from this account for the specified purposes.

f. To pay to the Emergency Reserve an amount equal to the sum of the semi annual provisions for depreciation and amortization of fixed and other assets acquired with City of Chicago money and interest on City of Chicago money invested in fixed and other assets of the Airport.

The components of this amount for the six months ended June 30, 1980 and 1979 are as follows:

	1980	1979
Depreciation	$125,150	$110,290
Amortization	23,993	24,534
Interest	409,881	398,860
TOTAL ALLOCATION	$559,024	$533,684

Monies held to the credit of the Emergency Reserve Account shall be treated as revenues to provide for the abatement of landing fees in the event that the Airport is closed.

g. To provide for deferred income to reduce future flight fees. To the extent that "net revenues" for the year as defined in the Revenue Bond Ordinance, including the application of deferred income from the previous year, exceed "airport expense" as defined, the excess shall be considered deferred income and as revenues of the next succeeding year. For the six months ended June 30, 1980 and 1979, $22,499,303 and $12,304,809, respectively, had been deferred to reduce future flight fees.

NOTE A--SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h. To provide for the retirement of Revenue Bonds in addition to the minimum payment referred to in Note A7-d. Any remaining revenues after making the previously listed allocations shall be allocated to the Revenue Bond Retirement Reserve; $4,209,714 and $3,884,233 were so credited for the six months ended June 30, 1980 and 1979.

NOTE B--AIRLINE DEPOSITS

In 1979, the City of Chicago and certain airline carriers entered into a Financing Participation Agreement for the purpose of raising funds for improvements to the Federal Inspection Area within the International Terminal Building. Pursuant thereto, deposits totaling $1,022,451 were received. The balance sheet at June 30, 1980 includes the following amounts relating to this agreement:

Restricted assets:	
Cash	$ 216,209
U.S. Government securities--at cost	942,188
	$1,158,397
Liabilities payable from restricted assets:	
Accounts payable	$ 36,587
Airline deposits	1,121,810
	$1,158,397

NOTE C--REVENUE BONDS AND RETIREMENT

1. Revenue Bonds

The Chicago-O'Hare International Airport Revenue Bonds were issued under the authority of an ordinance adopted December 29, 1958, and subsequent supplemental ordinances. The Bonds were issued to provide monies for the extension and improvement of the Airport and its facilities. The following information is presented regarding the status of the Bonds as of June 30, 1980 and 1979:

	1980	1979
Amount authorized	$238,000,000	$238,000,000
Amount sold	232,000,000	232,000,000
Amount called or purchased and retired	149,095,000	128,013,000
Amount outstanding	82,905,000	103,987,000

The Revenue Bonds outstanding at June 30, 1980 and 1979 are comprised of the following:

	1980	1979
4 3/4% Series of 1959	$ 31,941,000	$ 42,496,000
4 3/4% Series A of 1961	6,657,000	8,792,000
4 1/4% Series B of 1961	891,000	1,253,000
4 1/2% Series of 1967	1,519,000	1,975,000
5% Series of 1968	6,562,000	8,201,000
6.80% Series of March, 1970	30,555,000	35,415,000
6% Series of 1972	4,780,000	5,855,000
TOTAL	$ 82,905,000	$103,987,000

2. Retirement

Revenue Bonds are to be retired as rapidly as practicable through the revenues allocated to the Revenue Bond Retirement Reserve. Bonds may be redeemed by call at prices ranging downward from 105% to 100% of principal amount plus accrued interest to December 31, 1991, and thereafter, at par value plus accrued interest. In addition, Bonds may be redeemed by purchase in the open market or tender at prices

NOTE C--REVENUE BONDS AND RETIREMENT (CONT'D)

not in excess of the next predetermined call prices. The following information is presented regarding Bonds purchased or called for retirement through June 30, 1980:

	Cumulative	1980	1979
Par value of bonds purchased or called	$149,095,000	$13,562,000	$7,463,000
Cost of bonds purchased or called (excluding premium)	142,611,971	13,379,940	7,463,000
Premiums paid on bonds purchased or called	1,903,458	132,672	199,925

Premiums paid on Bonds purchased or called are charged to Airport operations in the year of payment. Discounts on Bonds purchased are retained in the Bond Retirement Reserve to purchase additional Bonds.

Bonds also may be redeemed with monies that are not allocations of revenues to the Retirement Reserve. Call prices for this type of redemption have been adopted which exceed the previously referred to call prices by not more than 2% of principal amount. As of June 30,1980 the City of Chicago has never chosen to retire Airport Bonds by this method.

NOTE D--DEFERRED RENTAL INCOME

In 1979, the City of Chicago consented to the assumption of a bankrupt tenant's lease and received a $461,421 settlement therefrom. This settlement was deemed to represent the present value of the lease and income will be recognized annually to parallel an escalation in the lease approximately as follows:

1980-1982	$48,700
1983	53,800
1984-1987	58,400
1988	28,000

For the six months ended June 30, 1980 $24,148 was recognized as income.

NOTE E--PENSION PLANS

The employees of the City of Chicago are covered under various contributory retirement plans established by State Statute. The policemen are members of the Policemen's Annuity and Benefit Fund of Chicago; firemen are members of the Firemen's Annuity and Benefit Fund of Chicago; other employees are members of either the Municipal Employees', Officers' and Officials' Annuity and Benefit Fund of Chicago or the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago. Contributions by the City of Chicago are multiples of the employee contributions made two years prior. The City of Chicago's share of contributions is funded by net tax levies.

Substantially all full-time City of Chicago employees whose salaries are paid through Chicago-O'Hare funds participate in one of the above pension plans. Pension contributions charged to operations for the six months ended June 30, 1980 and 1979 were $1,409,644 and $1,263,627, respectively.

It is impossible to determine the portion of unfunded liabilities which pertain to employees paid through Chicago-O'Hare International Airport accounts.

NOTE F--COMMITMENTS

Contract commitments to be financed by the operation and maintenance account at June 30, 1980 and 1979 totaled $10,772,836 and $13,230,224, respectively.

CITY OF CHICAGO

CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1981

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CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1981

Prepared by the Accounting Division
Office of the City Comptroller
City of Chicago, Illinois
November 12, 1981

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June

City of Chicago
Jane M. Byrne, Mayor

Department of Finance
Anthony N. Fratto
Acting City Comptroller

City Hall, Room 501
121 North LaSalle Street
Chicago, Illinois 60602
(312) 744-7100

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EXHIBIT A

CHICAGO-O'HARE INTERNATIONAL AIRPORT
BALANCE SHEETS
JUNE 30, 1981 AND 1980

ASSETS

	June 30, 1981	June 30, 1980
Current assets:		
Cash	$ 6,548,806	$ 9,147,668
U.S. government securities, at cost	18,506,783	13,566,965
Accounts receivable, less allowance for doubtful accounts of $2,945,167 in 1981 and $3,112,463 in 1980	13,483,852	12,975,712
Due from other funds	13,113	-
Prepaid expenses and deposits	241,153	31,356
Due from special accounts	72,259	150,500
Total current assets	$ 38,865,966	$ 35,872,201
Restricted assets:		
Cash	$ 886,239	$ 3,119,036
U.S. government securities, at cost	59,903,931	55,181,126
Accrued interest receivable	771,988	616,890
Total restricted assets	$ 61,562,158	$ 58,917,052
Fixed assets:		
Land	$ 50,994,641	$ 50,994,641
Buildings and other facilities	314,326,230	309,295,537
Construction in progress	19,397,135	17,627,876
	$384,718,006	$377,918,054
Less allowances for depreciation	166,371,263	154,946,721
Net fixed assets	$218,346,743	$222,971,333
Other assets:		
Deferred Engineering Costs	$ 1,226,701	$ 1,226,701
Less amortization	1,226,701	1,202,709
Other assets-Net	$ -	$ 23,992
Total assets	$318,774,867	$317,784,578

LIABILITIES AND EQUITY

	June 30, 1981	June 30, 1980
Current liabilities:		
Revenue bonds payable, current maturities	$ 3,018,000	$ 2,868,000
Accounts payable	8,108,040	12,167,588
Due to other funds	-	768,037
Total current liabilities	$ 11,126,040	$ 15,803,625
Liabilities payable from restricted assets:		
Accounts payable	$ 113,636	$ 50,556
Airline deposits	261,205	1,121,810
Due to special accounts	72,259	150,500
Accrued interest payable	-	2,316,134
Total liabilities payable from restricted assets	$ 447,100	$ 3,639,000
Long-term liabilities:		
Revenue bonds payable, less current maturities	$ 62,963,000	$ 80,037,000
Deferred liabilities:		
Deferred rental income	$ 388,374	$ 437,273
Total liabilities	$ 74,924,514	$ 99,916,898
Equity:		
Contributed capital	$109,067,757	$105,327,976
Retained earnings:		
Reserved:		
Debt service	$ 7,504,675	$ 9,264,535
Revenue bond retirement	19,731	68,920
Maintenance	5,128,914	4,044,650
Emergency	47,840,717	41,347,230
Construction, elevated garage	621,021	552,717
Future flight fee reduction	30,369,552	22,499,303
	$ 91,484,610	$ 77,777,355
Unreserved	43,297,986	34,762,349
Total retained earnings	$134,782,596	$112,539,704
Total equity	$243,850,353	$217,867,680
Total liabilities and equity	$318,774,867	$317,784,578

See notes to financial statements

CHICAGO-O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CHANGES IN CONTRIBUTED CAPITAL

SIX MONTHS ENDED JUNE 30, 1981 AND 1980

	Six Months Ended June 30, 1981				Six Months Ended June 30, 1980
	City of Chicago	State and Federal	Public utility, Concessionaire and Airline	Total	Total
Balance, January 1,	$23,551,399	$48,431,804	$35,968,217	$107,951,420	$105,258,368
Add:					
Increase in fixed assets acquired with:					
City of Chicago money	$ 984,183	$ -	$ -	$ 984,183	$ 842,247
State and Federal money	(11,092,811)	11,092,811	-	-	-
Public utility, concessionaire and airline money	-	-	718,523	718,523	-
Operating revenue*	-	-	961,555	961,555	739,612
	($10,108,628)	$11,092,811	$ 1,680,078	$ 2,664,261	$ 1,581,859
	$13,442,771	$59,524,615	$37,648,295	$110,615,681	$106,840,227
Less:					
Provision for depreciation	$ 184,151	$ 748,419	$ 615,354	$ 1,547,924	$ 1,488,258
Amortization of deferred engineering costs	-	-	-	-	23,993
	$ 184,151	$ 748,419	$ 615,354	$ 1,547,924	$ 1,512,251
Balance, June 30,	$13,258,620	$58,776,196	$37,032,941	$109,067,757	$105,327,976

See notes to Financial Statements.

EXHIBIT C

CHICAGO-O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CHANGES IN RETAINED EARNINGS

SIX MONTHS ENDED JUNE 30, 1981 AND 1980

	Six Months Ended June 30, 1981										Six Months Ended June 30, 1980 Total
	Revenue bond interest	Debt service	Revenue bond retirement	Maintenence	Emergency	Conetruction, elevated gerege	Future flight fee reduction	Total reserved	Unreserved	Total	
Balance, January 1,	$ -	$8,411,830	$ 10,502	$4,712,826	$43,790,698	$563,050	$26,601,267	$ 84,090,173	$38,896,167	$122,986,340	$100,810,387
Add (deduct):											
Allocation of net revenue	$1,989,997	$ -	$7,592,150	$ -	$ 684,421	$ -	$30,369,552	$ 40,636,120	$ -	$ 40,636,120	$ 33,220,474
Trenefer of premiums on revenue bonds retired	-	-	2,415	-	-	-	-	2,415	-	2,415	132,672
Interest earned on investments, restricted	-	-	-	441,473	3,365,598	57,971	-	3,865,042	-	3,865,042	2,284,662
Transfer from debt service account	-	(907,155)	907,155	-	-	-	-	-	-	-	-
Revenue bonds retired	-	-	-	-	-	-	-	-	8,596,000	8,596,000	13,562,000
	$1,989,997	($ 907,155)	$8,501,720	$ 441,473	$ 4,050,019	$ 57,971	$30,369,552	$ 44,503,577	$ 8,596,000	$ 53,099,577	$ 49,199,808
	$1,989,997	$7,504,675	$8,512,222	$5,154,299	$47,840,717	$621,021	$56,970,819	$128,593,750	$47,492,167	$176,085,917	$150,010,195
Less:											
Interest paid on revenue bonds	$1,989,997	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,989,997	$ -	$ 1,989,997	$ 2,504,433
Amounts expended for retirement of revenue bonds	-	-	8,492,491	-	-	-	-	8,492,491	-	8,492,491	13,512,612
Application of deferred income from preceding year as reduction of flight fees	-	-	-	-	-	-	26,601,267	26,601,267	-	26,601,267	17,259,265
Expenditures from maintenence reserve account	-	-	-	25,385	-	-	-	25,385	-	25,385	-
Provision for depreciation of essets acquired with revenue bond money	-	-	-	-	-	-	-	-	4,194,181	4,194,181	4,194,181
	$1,989,997	$ -	$8,492,491	$ 25,385	$ -	$ -	$26,601,267	$ 37,109,140	$ 4,194,181	$ 41,303,321	$ 37,470,491
Balence, June 30,	$ -	$7,504,675	$ 19,731	$5,128,914	$47,840,717	$621,021	$30,369,552	$ 91,484,610	$43,297,986	$134,782,596	$112,539,704

See notes to financial statements

CHICAGO-O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF REVENUES AND EXPENSES

SIX MONTHS ENDED JUNE 30, 1981 AND 1980

	1981	1980
Operating revenues:		
Flight fees	$22,031,328	$23,187,435
Rent, concessions and other	23,889,333	24,391,577
Total operating revenues	$45,920,661	$47,579,012
Operating expenses:		
Salaries and wages	$15,998,258	$13,483,038
Provision for depreciation	5,742,105	5,682,439
Amortization of deferred engineering costs	-	23,993
Repairs and maintenance, including expenditures from maintenance reserve account	4,595,302	5,291,121
Other operating expenses	12,559,949	13,452,173
Total operating expenses	$38,895,614	$37,932,764
Total operating income	$ 7,025,047	$ 9,646,248
Nonoperating income (expense):		
Interest earned on investments	$ 6,071,328	$ 3,765,475
Discount on revenue bonds retired	105,924	182,060
Interest incurred on revenue bonds	(1,989,997)	(2,504,433)
Premium on revenue bonds retired	(2,415)	(132,672)
Net nonoperating income	$ 4,184,840	$ 1,310,430
Revenue in excess of expenses	$11,209,887	$10,956,678

See notes to financial statements.

EXHIBIT E

CHICAGO-O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF "NET REVENUES" AS DEFINED IN REVENUE BOND ORDINANCE

SIX MONTHS ENDED JUNE 30, 1981 AND 1980

	1981	1980
Revenues in excess of expenses	$11,209,887	$10,956,678
Add (deduct) adjustments to reflect ordinance basis of accounting:		
Amounts included above in determination of revenues in excess of expenses:		
Provision for depreciation	5,742,105	5,682,439
Amortization of deferred engineering costs	-	23,993
Expenditures from maintenance reserve account	25,385	-
Interest earned on investments, restricted	(3,865,042)	(2,284,662)
Interest on revenue bonds	1,989,997	2,504,433
Discount on revenue bonds retired	(105,924)	(182,060)
Amounts not included above in determination of revenues in excess of expenses:		
Expenditures of operating revenues for capital improvements	(961,555)	(739,612)
Application of deferred income from preceding year as reduction of flight fees	26,601,267	17,259,265
"Net revenues" as defined in Revenue Bond Ordinance	$40,636,120	$33,220,474
Allocation of "net revenues" in order of priority:		
Revenue bond interest	$ 1,989,997	$ 2,504,433
Revenue bond retirement, minimum payment	3,018,000	2,868,000
Maintenance reserve	-	580,000
Emergency reserve	684,421	559,024
Deferred income to reduce flight fees in following year	30,369,552	22,499,303
Remainder, additional allocation to revenue bond retirement	4,574,150	4,209,714
Total allocation of "Net revenues"	$40,636,120	$33,220,474

See notes to financial statements.

EXHIBIT F

CHICAGO-O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CHANGES IN FINANCIAL POSITION

SIX MONTHS ENDED JUNE 30, 1981 And 1980

	1981	1980
Sources of working capital:		
From operations:		
Revenues in excess of expenses	$ 11,209,887	$ 10,956,678
Add (deduct) items not affecting working capital:		
Provision for depreciation	5,742,105	5,682,439
Amortization of deferred engineering costs	-	23,993
Amortization of deferred revenue	(24,350)	(24,148)
Working capital provided from operations	$ 16,927,642	$ 16,638,962
City of Chicago contributions for fixed assets	984,183	842,247
Airline contributions for fixed assets	718,523	-
Decrease in net restricted assets	-	2,878,540
	$ 18,630,348	$ 20,359,749
Uses of working capital:		
Acquisition of fixed assets	$ 2,664,261	$ 1,581,859
Decrease in long-term liabilities	5,578,000	10,694,000
Increase in net restricted assets	3,626,152	-
	$ 11,868,413	$ 12,275,859
Increase (decrease) in working capital	$ 6,761,935	$ 8,083,890
Changes in components of working capital:		
Increase (decrease) in current assets:		
Cash	($ 3,578,108)	($ 3,474,612)
U.S. government securities	98,992	7,621,474
Accounts receivable	3,194,903	(568,968)
Due from other funds	(908,643)	(1,555,657)
Prepaid expenses and deposits	(209,764)	(284,621)
Due from special accounts	(174,895)	150,500
	($ 1,577,515)	$ 1,888,116
Increase (decrease) in current liabilities:		
Revenue bonds payable, current maturities	($ 3,018,000)	($ 2,868,000)
Accounts payable	(2,257,361)	1,831,115
Due to other funds	(3,064,089)	(5,060,345)
Due to special accounts	-	(98,544)
	($ 8,339,450)	($ 6,195,774)
Increase (decrease) in working capital	$ 6,761,935	$ 8,083,890

See notes to financial statements.

CHICAGO-O'HARE INTERNATIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 1981 AND 1980

1. Summary of significant accounting policies:

Basis of accounting:

Financial statements have been prepared on the accrual basis of accounting, accounted for as an enterprise fund of the City of Chicago and conforming with the reporting requirements set forth in National Council of Governmental Accounting (NCGA) Statements 1 and 2.

Restricted assets:

The authorizing Revenue Bond Ordinance requires that during the period in which bonds are outstanding the City of Chicago will maintain trust accounts for the proceeds from the sale of bonds and certain allocations of "net revenues" as defined. The assets of the trust accounts may be used only for the specific purpose of each trust, including bond interest, bond retirement, maintenance reserve, emergency reserve and construction.

U.S. government securities:

Investments in U.S. treasury bills and treasury notes are carried at cost. Interest is accrued only on those securities having stated interest rates, i.e., treasury notes. Discounts and premiums are recognized at the time of maturity or sale. The aggregate cost and market value at June 30, 1981 and 1980, are as follows:

	Cost		Market	
	1981	1980	1981	1980
Unrestricted	$18,506,783	$13,566,965	$18,705,777	$13,577,750
Restricted	59,903,931	55,181,126	59,978,752	56,377,505
	$78,410,714	$68,748,091	$78,684,529	$69,955,255

1. Summary of significant accounting policies: (continued)

Accounts receivable:

In accordance with the Revenue Bond Ordinance, all accounts receivable uncollected for a period of 30 days after due date are considered uncollectible, and accordingly an allowance for doubtful accounts is provided. As of June 30, 1981 and 1980, allowances of $2,945,167 and $3,112,463, respectively, were recorded for these accounts. Approximately $1,985,000 of the June 30, 1981 accounts receivable which were included in the allowance was collected by September 30, 1981.

Fixed assets:

All assets are recorded at cost. Land includes the cost of earthwork and landscaping. Assets are acquired with Revenue Bond proceeds and three other sources as follows:

a. Assets acquired with City of Chicago money include $76,630 capitalized interest in 1981 for the use of City of Chicago money. Interest is capitalized from the commencement of the land improvement or construction activity through the year of completion.

b. Assets are acquired with state and federal money from grants received that are reimbursements for assets paid for with City of Chicago money. The grants are recognized only as received. As at June 30, 1981 a maximum of $24,799,520 may be realized in future periods from such grants.

c. Assets acquired with public utility, concessionaire and airline money comprise direct reimbursements of amounts expended directly and indirectly from operating revenues. The Revenue Bond Ordinance does not allow the expenditure of operating revenues for capital improvements. However, the airlines' representative has agreed to substantially all of these expenditures, which totaled $961,555 in 1981 and $739,612 in 1980. Using operating revenues for this purpose has the effect of increasing flight fees.

1. Summary of significant accounting policies: (continued)

Fixed assets: (continued)

In accordance with the Revenue Bond Ordinance, all replacements of vehicles, furnishings, signs and other equipment are expensed when acquired.

Depreciation and amortization:

Provisions for depreciation of buildings and other facilities are provided on a straight-line basis over the estimated useful lives of the individual assets. Depreciation charges are begun in the year following the year of acquisition or completion. Deferred engineering costs were amortized on a straight-line basis over 25 years ended December 31, 1980.

Allocation of revenues:

The Revenue Bond Ordinance requires the allocation of net revenues, as defined, for specified purposes in the following order of priority:

a. For ordinary costs of operation and maintenance, but not in excess of the amount budgeted by the City of Chicago for such purposes.

b. For amounts equal to interest payable in the current year on bonds outstanding.

c. To maintain the balance of the Debt Service Reserve at an amount equal to two years' interest requirements. The Debt Service Reserve for all Revenue Bond issues outstanding was fully funded through allocations made in prior years. Bonds in the principal amounts of $8,596,000 and $13,562,000 were purchased or called during the six months ended June 30, 1981 and 1980 respectively. The corresponding interest requirements of $907,155 in 1981 and $1,442,775 in 1980 were transferred to the Revenue Bond Retirement Reserve.

1. Summary of significant accounting policies: (continued)

Allocation of revenues: (continued)

d. For required minimum payments to the Revenue bond Retirement Reserve. The minimum payment for the six months ended June 30, 1981 was $3,018,000. Remaining minimum Bond Retirement deposits are as follows:

Period	Required minimum Bond Retirement payment
1981	$ 3,018,000
1982	6,354,000
1983	6,685,000
1984	7,042,000
1985	7,412,000
1986 through 1994	35,470,000
	$65,981,000

As mentioned in Note 1h below, additional allocations of net revenues to the Revenue Bond Retirement Reserve may be made. Allocations to the Revenue Bond Retirement Reserve for the required minimum retirements and remaining revenues after all other required allocations totaled $7,592,150 in 1981 and $7,077,714 in 1980.

e. For annual payment of $1,160,000 to the Maintenance Reserve until $4,833,334 is accumulated in the Reserve. No payment was required during the 6 months ended June 30, 1981 since the $4,833,334 was accumulated as required. Interest income, ($441,473 for the 6 months ended June 30, 1981), is required to be credited to the reserve account notwithstanding the fact that the amounts credited to the Reserve Maintenance Account exceeds the requirement.

f. To pay to the Emergency Reserve an amount equal to the sum of the semi annual provisions for depreciation and amortization of fixed and other assets acquired with City of Chicago money and interest on City of Chicago money invested in fixed and other assets of the Airport.

1. Summary of significant accounting policies: (Continued)

Allocation of revenues: (Continued)

f. continued:

The components of this amount for 1981 and 1980 are as follows:

	1981	1980
Depreciation	$184,151	$125,150
Amortization	-	23,993
Interest	500,270	409,881
Total allocation	$684,421	$559,024

Monies held to the credit of the Emergency Reserve Account will be treated as revenues to provide for the abatement of landing fees in the event that the Airport is closed.

g. To provide for deferred income to reduce future flight fees. To the extent that "net revenues" as defined in the Revenue Bond Ordinance for the year, including the application of deferred income from the previous year, exceed "airport expense" as defined, the excess will be considered deferred income and as revenues of the next succeeding year. For the six months ended June 30, 1981 and 1980, $30,369,552 and $22,499,303, respectively, had been deferred to reduce future flight fees.

h. To provide for the retirement of Revenue Bonds in addition to the minimum payment referred to in Note 1d above. Any remaining revenues after making the previously listed allocations will be allocated to the Revenue Bond Retirement Reserve; $4,574,150 and $4,209,714 were so credited for 1981 and 1980, respectively.

2. Airline deposits:

Under the terms of a Financing Participation Agreement, the City of Chicago and certain participating airlines are sharing the cost of improvements to the Federal Inspection area within the International Terminal Building. The participating airlines deposited $1,022,451 in 1979 with the City, as the airlines' share of the project cost. The deposits are included in the accompanying balance sheets and include interest income earned on the funds less costs incurred for the improvements through June 30, 1981 and 1980. The balance sheets at June 30,1981 and 1980 include the following amounts relating to this agreement:

	1981	1980
Restricted assets:		
Cash	$347,140	$ 216,209
U.S. government securities, at cost	-	942,188
	$347,140	$1,158,397
Liabilities payable from restricted assets:		
Accounts payable	$ 85,935	$ 36,587
Net airline deposits	261,205	1,121,810
	$347,140	$1,158,397

3. Revenue Bonds and retirement:

Revenue Bonds:

The Chicago-O'Hare International Airport Revenue Bonds were issued under the authority of an ordinance adopted December 29, 1958, and subsequent supplemental ordinances. The Bonds were issued to provide monies for the initial construction and subsequent extensions and improvements of the Airport and its facilities. The following information is presented regarding the status of the Bonds as at June 30, 1981 and 1980:

	1981	1980
Amount authorized	$238,000,000	$238,000,000
Amount sold	232,000,000	232,000,000
Amount called or purchased and retired	166,019,000	149,095,000
Amount outstanding	65,981,000	82,905,000

The Revenue Bonds outstanding at June 30, 1981 and 1980 are comprised of the following:

	1981	1980
4 3/4% Series of 1959	$ 22,837,000	$ 31,941,000
4 3/4% Series A of 1961	4,740,000	6,657,000
4 1/4% Series B of 1961	582,000	891,000
4 1/2% Series of 1967	1,125,000	1,519,000
5 % Series of 1968	5,147,000	6,562,000
6.80 % Series of 1970	27,090,000	30,555,000
6 % Series of 1972	4,460,000	4,780,000
	$ 65,981,000	$ 82,905,000
Less current maturities	3,018,000	2,868,000
	$ 62,963,000	$ 80,037,000

3. Revenue Bonds and retirement: (continued)

Retirement:

Revenue Bonds are to be retired as rapidly as practicable through the revenues allocated to the Revenue Bond Retirement Reserve. Bonds may be redeemed by call at prices ranging downward from 104.5% to 100% of principal amount to December 31, 1995, plus accrued interest. In addition, Bonds may be redeemed by purchase in the open market or tender at prices not in excess of the next predetermined call prices. The following information is presented regarding Bonds purchased or called for retirement during the six months ended June 30, 1981 and 1980, and the cumulative amounts through June 30, 1981:

	Cumulative	1981	1980
Par value of bonds purchased or called	$166,019,000	$8,596,000	$13,562,000
Cost of bonds purchased or called (excluding premium)	159,412,251	8,490,076	13,379,940
Premiums paid on bonds purchased or called	1,946,951	2,415	132,672

Premiums paid on Bonds purchased or called are charged to Airport operations in the year of purchase. Discounts on Bonds purchased are retained in the Bond Retirement Reserve to purchase additional Bonds.

Bonds also may be redeemed with monies that are not allocations of revenues to the Retirement Reserve. Call prices for this type of redemption have been adopted which exceed the previously referred to call prices by not more than 2% of principal amount.

4. Deferred rental income:

In 1979, the City of Chicago consented to the assumption by a third party of a bankrupt tenant's lease and received $461,421 from the sale of such lease. The sales price is recognized annually over the remaining life of the lease parallel with the rental escalation terms of the assumed lease approximately as follows:

1980-1982	$48,700
1983	53,800
1984-1987	58,400
1988	$28,000

5. Pension plans:

The employees of the City of Chicago are covered under various contributory retirement plans established by state statute and administered by independent pension boards. Substantially all of the Airport employees are members of the Policemen's Annuity and Benefit Fund of Chicago, the Firemen's Annuity and Benefit Fund of Chicago, the Municipal Employees', Officers' and Officials' Annuity and Benefit Fund of Chicago or the Laborers'and Retirement Board Employees' Annuity and Benefit Fund of Chicago.

Each pension plan is financed primarily by (a) City contributions, (b) employee contributions, and (c) income from pension fund investments. The City contributions, which are established by state statute, are multiples of the employee's contribution made two years prior. The City's contribution is financed through a separate property tax levy and the personal property replacement tax. The Airport reimburses the City's Corporate Fund for the estimated contribution which pertains to Airport employees. These reimbursements, recorded as expense, amounted to $1,553,826 and $1,409,644 in 1981 and 1980, respectively.

All pension funds receive an actuarial valuation annually. However, the amount of unfunded liabilities or required current year actuarial provisions which pertain expressly to the Airport are not computed, as no specific identification of Airport employees is made for actuarial purposes.

6. Commitments:

Contract commitments to be financed by the operation and maintenance account at December 31, 1980 and not expended at June 30, 1981 totaled $7,513,000. In addition, at June 30, 1981 $13,233,478 of the Airport's unexpended appropriations for the year 1980 remained earmarked by Airport management for specific future projects, although not under contract or other formal commitment.

#C.O. 62

CITY OF CHICAGO

CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1982

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Jane M. Byrne, Mayor

Department of Finance
Anthony N. Fratto
City Comptroller

City Hall, Room 501
121 North LaSalle Street
Chicago, Illinois 60602
(312) 744-7100

CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1982

Prepared by the Accounting Division
Office of the City Comptroller
City of Chicago, Illinois
November 19, 1982

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EXHIBIT A

CHICAGO-O'HARE INTERNATIONAL AIRPORT
BALANCE SHEETS
JUNE 30, 1982 AND 1981

ASSETS

	June 30, 1982	June 30, 1981
CURRENT ASSETS		
Cash	$ 10,375,223	$ 6,548,806
Investments - U.S. Government Securities, at Cost	14,125,029	18,506,783
Accounts Receivable, Less Allowance for Doubtful Accounts of $1,500,000 in 1982 and $2,945,167 in 1981	13,158,184	13,483,852
Due from Other City of Chicago Funds	378,220	13,113
Prepaid Expenses and Deposits	131,552	241,153
Due from Restricted Funds	-	72,259
Total Current Assets	$ 38,168,208	$ 38,865,966
RESTRICTED ASSETS		
Cash	$ 1,033,889	$ 886,239
Investments - U.S. Government Securities, at Cost	67,688,492	59,903,931
Due from Unrestricted Funds	284,820	-
Accrued Interest Receivable	441,553	771,988
Total Restricted Assets	$ 69,448,754	$ 61,562,158
FIXED ASSETS		
Land	$ 55,294,641	$ 50,994,641
Buildings and Other Facilities	327,569,872	314,326,230
Construction in Progress	14,098,952	19,397,135
	$396,963,465	$384,718,006
Less - Allowance for Depreciation	177,732,694	166,371,263
Net Fixed Assets	$219,230,771	$218,346,743
TOTAL ASSETS	$326,847,733	$318,774,867

LIABILITIES AND FUND EQUITY

	June 30, 1982	June 30, 1981
CURRENT LIABILITIES		
Current Portion of Revenue Bonds Payable (Note 2)	$ 3,177,000	$ 3,018,000
Accounts Payable	15,946,929	8,108,040
Due to Restricted Funds	284,820	-
Total Current Liabilities	$ 19,408,749	$ 11,126,040
LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Accounts Payable	$ 808,499	$ 113,636
Airline Deposits (Note 4)	263,207	261,205
Due to Unrestricted Funds	-	72,259
Accrued Interest Payable	1,402,545	-
Total Liabilities Payable From Restricted Assets	$ 2,474,251	$ 447,100
LONG-TERM LIABILITIES		
Revenue Bonds Payable, Net of Current Portion (Note 2)	$ 44,716,000	$ 62,963,000
DEFERRED LIABILITIES		
Deferred Rental Income (Note 3)	$ 339,677	$ 388,374
Total Liabilities	$ 66,938,677	$ 74,924,514
FUND EQUITY		
Contributed Capital	$117,998,771	$109,067,757
Retained Earnings		
Reserved	$ 87,753,157	$ 91,484,610
Unreserved	54,157,128	43,297,986
Total Retained Earnings	$141,910,285	$134,782,596
Total Fund Equity	$259,909,056	$243,850,353
TOTAL LIABILITIES AND FUND EQUITY	$326,847,733	$318,774,867

The accompanying notes to Financial Statements are an integral part of these statements.

EXHIBIT B

CHICAGO-O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CHANGES IN CONTRIBUTED CAPITAL

SIX MONTHS ENDED JUNE 30, 1982 AND 1981

	Six Months Ended June 30, 1982				Six Months Ended June 30, 1981
	City of Chicago	State and Federal	Public Utility, Concessionaire and Airline	Total	Total
Balance, January 1,	$ 16,982,093	$59,289,475	$39,250,627	$115,522,195	$107,951,420
Add:					
Increase in fixed assets acquired with:					
City of Chicago money	$ 1,616,571	$ -	$ -	$ 1,616,571	$ 984,183
State and Federal money	(4,660,281)	4,660,281	-	-	-
Public utility, concessionaire and airline money	-	-	30,172	30,172	718,523
Operating revenue	-	-	2,596,355	2,596,355	961,555
	($ 3,043,710)	$ 4,660,281	$ 2,626,527	$ 4,243,098	$ 2,664,261
	$ 13,938,383	$63,949,756	$41,877,154	$119,765,293	$110,615,681
Less:					
Provision for depreciation	71,805	972,912	721,805	1,766,522	1,547,924
Balance, June 30,	$ 13,866,578	$62,976,844	$41,155,349	$117,998,771	$109,067,757

See notes to Financial Statements.

EXHIBIT C

CHICAGO-O'HARE INTERNATIONAL AIRPORT
STATEMENTS OF CHANGES IN RETAINED EARNINGS
SIX MONTHS ENDED JUNE 30, 1982 AND 1981

	1982			1981		
	Reserved	Unreserved	Total	Reserved	Unreserved	Total
Balance, January 1,	$92,400,688	$48,552,880	$140,953,568	$84,090,173	$38,896,167	$122,986,340
Add (Deduct) -						
Revenues in Excess of Expenses	-	1,786,550	1,786,550	-	11,209,887	11,209,887
Allocation of "Net Revenue" as Defined by the Revenue Bond Ordinance	30,967,459	(30,967,459)	-	40,636,120	(40,636,120)	-
Interest Earned on Investments, Restricted	3,548,882	(3,548,882)	-	3,865,042	(3,865,042)	-
Provision for Depreciation of Assets Contributed	-	1,766,522	1,766,522	-	1,547,924	1,547,924
Transfer of Premiums on Revenue Bonds Retired	23,121	(23,121)	-	2,415	(2,415)	-
Application of Deferred Income from Preceding Year as Reduction of Flight Fees	(27,807,556)	27,807,556	-	(26,601,267)	26,601,267	-
Amounts Expended for Retirement of Revenue Bonds, Net of Discount of $282,588 in 1982 and $105,924 in 1981	(8,991,533)	8,991,533	-	(8,492,491)	8,492,491	-
Transfer to Contributed Capital for Amount of Fixed Assets Acquired with Operating Revenue	-	(2,596,355)	(2,596,355)	-	(961,555)	(961,555)
Interest Paid on Revenue Bonds	(1,533,134)	1,533,134	-	(1,989,997)	1,989,997	-
Expenditures from Reserve Maintenance Account	(854,770)	854,770	-	(25,385)	25,385	-
Balance, June 30,	$87,753,157	$54,157,128	$141,910,285	$91,484,610	$43,297,986	$134,782,596

The accompanying notes to financial statements are an integral part of these statements.

EXHIBIT D

CHICAGO-O'HARE INTERNATIONAL AIRPORT
STATEMENTS OF REVENUES AND EXPENSES
SIX MONTHS ENDED JUNE 30, 1982 AND 1981

	1982	1981
Operating Revenues		
Flight Fees	$22,099,208	$22,031,328
Rent, Concessions and Other	24,347,883	23,889,333
Total Operating Revenues	$46,447,091	$45,920,661
Operating Expenses		
Salaries and Wages	$18,437,442	$15,998,258
Provision for Depreciation	5,619,327	5,742,105
Repairs and Maintenance, Including Expenditures from Reserve Maintenance Account	6,932,410	4,595,302
Other Operating Expenses	16,428,621	12,559,949
Total Operating Expenses	$47,417,800	$38,895,614
Total Operating Income (Loss)	($ 970,709)	$ 7,025,047
Nonoperating Income (Expense)		
Interest Earned on Investments	$ 5,254,926	$ 6,071,328
Discount, Net of Premiums on Revenue Bonds Retired	259,467	103,509
Interest Incurred on Revenue Bonds	(1 533,134)	(1,989,997)
Provision for Judgments	(1,224,000)	-
Net Nonoperating Income	$ 2,757,259	$ 4,184,840
Revenues in Excess of Expenses	$ 1,786,550	$11,209,887

The accompanying notes to financial statements are an integral part of these statements.

EXHIBIT E

CHICAGO-O'HARE INTERNATIONAL AIRPORT
STATEMENTS OF CHANGES IN FINANCIAL POSITION
SIX MONTHS ENDED JUNE 30, 1982 AND 1981

	1982	1981
Sources of Working Capital		
From Operations		
Revenues in Excess of Expenses	$ 1,786,550	$11,209,887
Add (Deduct) Items Not Affecting Working Capital		
Provision for Depreciation	5,619,327	5,742,105
Amortization of Deferred Revenue	(24,350)	(24,350)
Total From Operations	$ 7,381,527	$16,927,642
Airline Contributions for Fixed Assets	30,172	718,523
City of Chicago Net Contributions for Fixed Assets	1,616,571	984,183
Total Sources of Working Capital	$ 9,028,270	$18,630,348
Uses of Working Capital		
Acquisition of Fixed Assets	$ 4,243,098	$ 2,664,261
Decrease in Long-Term Liabilities	6,074,000	5,578,000
Increase in Net Restricted Assets	2,381,371	3,626,152
Total Uses of Working Capital	$12,698,469	$11,868,413
Increase (Decrease) in Working Capital	($ 3,670,199)	$ 6,761,935
Changes in Components of Working Capital		
Increase (Decrease) in Current Assets		
Cash	($ 3,145,400)	($ 3,578,108)
U.S. Government Securities	(4,626,243)	98,992
Accounts Receivable, Net	2,573,225	3,194,903
Due from Other City of Chicago Funds	(1,054,947)	(908,643)
Prepaid Expenses and Deposits	(356,334)	(209,764)
Due from Restricted Funds	(24,424)	(174,895)
	($ 6,634,123)	($ 1,577,515)
Increase (Decrease) in Current Liabilities		
Current Portion of Revenue Bonds Payable	($ 3,177,000)	($ 3,018,000)
Accounts Payable	5,243,574	(2,257,361)
Due to Other City of Chicago Funds	(5,315,318)	(3,064,089)
Due to Restricted Funds	284,820	-
	($ 2,963,924)	($ 8,339,450)
Increase (Decrease) in Working Capital	($ 3,670,199)	$ 6,761,935

The accompanying notes to financial statements are an integral part of these statements.

Note 1 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, accounted for as an enterprise fund of the City of Chicago and conforming with the reporting requirements set forth in National Council of Governmental Accounting (NCGA) Statements 1 and 2.

Restricted Assets

The authorizing Revenue Bond Ordinance requires that during the period in which bonds are outstanding the City of Chicago will maintain trust accounts for the proceeds from the sale of bonds and certain allocations of "Net Revenues" as defined. The assets of the trust accounts may be used only for the specific purpose of each trust.

The Revenue Bond Ordinance requires that all revenues, in each year, shall first be allocated to pay the operation and maintenance expenses of the airport, but not in excess of the amount budgeted by the City of Chicago for such purposes. The Revenue Bond Ordinance requires the remaining available "Net Revenues" shall then be allocated in the following order of priority:

a) Revenue Bond Interest - an amount equal to interest payable in the current year.

b) Debt Service Reserve - an amount necessary to maintain the balance of this reserve at an amount equal to two years' interest requirements on all bonds outstanding.

c) Revenue Bond Retirement Reserve - an amount necessary for the required minimum payments.

d) Reserve Maintenance Account - an annual payment of $1,160,000 to the Reserve Maintenance Account until $4,833,334 is accumulated. In addition, interest earned on the Reserve Balance is retained in this account.

e) Emergency Reserve - an amount equal to the sum of the annual provisions for depreciation and amortization of fixed and other assets acquired with City of Chicago money and interest on the City of Chicago money invested in fixed and other assets of the Airport.

Any amount of "Net Revenues" not considered deferred income (which is used to reduce future flight fees), as defined by the Revenue Bond Ordinance, and in excess of the required allocations above shall be allocated to the Revenue Bond Retirement Reserve.

The above requirements of the Revenue Bond Ordinance have been met for the six month period ended June 30, 1982.

Note 1 - Summary of Significant Accounting Policies - Continued

Investments

Investments consist of U.S. Treasury Bills and Treasury Notes, which are carried at cost. Interest is accrued only on those securities having stated interest rates, i.e., U.S. Treasury Notes. The aggregate cost and market value at June 30, 1982 and 1981, are as follows:

	Cost		Market	
	1982	1981	1982	1981
Unrestricted	$14,125,029	$18,506,783	$14,210,327	$18,705,777
Restricted	67,688,492	59,903,931	68,299,387	59,978,752
Totals	$81,813,521	$78,410,714	$82,509,714	$78,684,529

Fixed Assets

All assets are recorded at cost. Land includes the cost of earthwork and landscaping. Assets are acquired with Revenue Bond proceeds and the following three other sources:

a. City of Chicago, including capitalized interest of $21,151 in 1982 and $76,630 in 1981 for the use of City of Chicago money. Interest is capitalized from the commencement of the improvement or construction activity through completion.

b. Grant proceeds from State and Federal governmental agencies. The Grant proceeds are recognized only as received. Expenditures are initially paid for by the City of Chicago and are transferred to the State and Federal contributed capital category upon receipt of the grant proceeds. As of June 30, 1982, a maximum of approximately $23,864,934 may be realized in future periods from such grants.

c. Public utility, concessionaire and airlines by direct reimbursements of amounts expended directly and indirectly from operating revenues. The Revenue Bond Ordinance does not allow the expenditure of operating revenues for capital improvements. However, the airlines' representative has agreed to substantially all of these expenditures, which totaled $2,596,355 as of June 30, 1982 and $961,555 as of June 30, 1981. Using operating revenues for this purpose has the effect of increasing flight fees.

Depreciation and Amortization

The provision for depreciation is provided on a straight-line basis and begins in the year following the year of acquisition or completion. The estimated useful lives of significant fixed asset categories are as follows:

Water Drainage and Sewer System	20-50 Years
Runways, Aprons, Tunnels, Taxiways and Paved Roads	30 Years
Buildings and Hangars	25 Years
Electrical System	15-20 Years
Other	10-30 Years

Note 2 - Revenue Bonds

General

The Chicago-O'Hare International Airport Revenue Bonds were issued under the authority of an ordinance adopted December 29, 1958, and subsequent supplemental ordinances. The Bonds, which were issued to provide monies for the initial construction and subsequent improvements of the Airport and its facilities, had a total face value of $232,000,000.

The Revenue Bonds payable at June 30, 1982 and 1981 are comprised of the following:

	1982	1981
4-3/4% Series of 1959	$13,447,000	$22,837,000
4-3/4% Series A of 1961	2,800,000	4,740,000
4-1/4% Series B of 1961	265,000	582,000
4-1/2% Series of 1967	705,000	1,125,000
5% Series of 1968	3,631,000	5,147,000
6.80% Series of 1970	23,265,000	27,090,000
6% Series of 1972	3,780,000	4,460,000
	$47,893,000	$65,981,000
Less - Current Maturities	3,177,000	3,018,000
Totals	$44,716,000	$62,963,000

Minimum bond retirements for future years are as follows:

1982	$ 3,177,000
1983	6,685,000
1984	7,017,000
1985	7,287,000
1986	4,204,000
1987 through 1994	19,523,000
Total	$47,893,000

Retirement

Revenue Bonds are to be retired as rapidly as practicable through amounts allocated to the Revenue Bond Retirement Reserve. Bonds may be purchased or called at prices ranging from 104.5% to 100% of principal amount plus accrued interest.

The cost of bonds purchased or called amounted to $177,148,209 from issuance through June 1982 excluding premiums paid. Premiums paid on Bonds purchased or called, which amounted to $1,987,007 from issuance through June 1982, are charged to Airport operations in the year of purchase. Discounts on Bonds purchased, which amounted to $6,958,791 from issuance through June 1982, are credited to Airport operations in the year of purchase and are retained in the Bond Retirement Reserve.

CHICAGO-O'HARE INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 1982 AND 1981

Revenue Bond Ordinance - "Net Revenues" as Defined and Allocation of "Net Revenues"

The Revenue Bond Ordinance provides that certain items be accounted for as reductions or increases to Revenues in Excess of Expenses. For the six months ended June 30, 1982 a provision for doubtful accounts of $206,053 in excess of the recorded provision is necessary in determining "Net Revenues" to meet the requirements of the Revenue Bond Ordinance. "Net Revenues" as defined by the Revenue Bond Ordinance is determined as follows:

	Six Months Ended June 30,	
	1982	1981
Revenue in Excess of Expenses	$ 1,786,550	$11,209,887
Add (Deduct) Adjustments to Reflect Ordinance Basis of Accounting		
Application of Deferred Income from Preceding Year as Reduction of Flight Fees	27,807,556	26,601,267
Provision for Depreciation	5,619,327	5,742,105
Interest on Revenue Bonds	1,533,134	1,989,997
Expenditures from Reserve Maintenance Account	854,770	25,385
Interest Earned on Investments, Restricted	(3,548,882)	(3,865,042)
Expenditures of Operating Revenues for Capital Improvements	(2,596,355)	(961,555)
Additional Provision for Doubtful Accounts	(206,053)	-
Discount on Revenue Bonds Retired	(282,588)	(105,924)
"Net Revenues" as Defined in Revenue Bond Ordinance	$30,967,459	$40,636,120

As previously stated in Note 1, the Revenue Bond Ordinance requires the "Net Revenues" to be allocated as follows:

	Amount	
	1982	1981
"Net Revenues" as Defined in Revenue Bond Ordinance	$30,967,459	$40,636,120
Revenue Bond Interest	1,533,134	1,989,997
Debt Service Reserve	-	-
Revenue Bond Retirement Reserve	3,177,000	3,018,000
Reserve Maintenance Account	118,511	-
Emergency Reserve	488,147	684,421
Deferred Income Which is Used to Reduce Future Flight Fees	20,778,654	30,369,552
Totals	$26,095,446	$36,061,970
Balance to be Allocated to Revenue Bond Retirement Reserve	$ 4,872,013	$ 4,574,150

Note 3 - Leasing Arrangements with Tenants

Leasing operations consist of the leasing of most of the airport's land, buildings and terminal space to airlines and other tenants. The operating leases for most of the airport's land, buildings and terminal space expire in 1998.

The following is a schedule by years of the minimum future rental income on noncancelable operating leases as of June 30, 1982:

1982	$ 10,620,798
1983	20,915,161
1984	20,230,419
1985	17,816,520
1986	17,784,232
Later Years	191,122,973
Total Minimum Future Rental Income	$278,490,103

Minimum future rental income does not include contingent rentals which may be received under certain leases based on the tenants' revenues or fuel flow. Contingent rentals, excluding flight fees, amounted to approximately $3,855,518 for the six months ended June 30, 1982.

In 1979, the City of Chicago received $461,421 from the sale of a bankrupt tenant's lease. This amount is being amortized over the remaining life of the lease at approximately $50,000 per year.

Note 4 - Airline Deposits

Under the terms of a Financing Participation Agreement, the City of Chicago (which is being reimbursed primarily from a Federal grant) and certain participating airlines are sharing the cost of improvements to the Federal Inspection area within the International Terminal Building. The participating airlines deposited $1,022,451 in 1979 with the City, as the airlines' share of the project cost. The deposits, interest earned on the deposits and costs of construction are included in the accompanying financial statements. For the six months ended June 30, 1982 and 1981 the following activity took place relating to this agreement:

	1982	1981
Deposit Balance at Beginning of Period	$258,109	$907,565
Interest Income	35,272	72,209
Airlines' Share of Expenditures	(30,174)	(718,569)
Deposit Balance at End of Period	$263,207	$261,205

Note 5 - Pension Plans

The employees of the City of Chicago are covered under various contributory retirement plans established by state statute and administered by independent pension boards. Substantially all of the Airport employees are members of the Policemen's Annuity and Benefit Fund of Chicago, the Firemen's Annuity and Benefit Fund of Chicago, the Municipal Employees', Officers' and Officials' Annuity and Benefit Fund of Chicago or the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago.

Each pension plan is financed primarily by (a) City contributions, (b) employee contributions, and (c) income from pension fund investments. The City's contributions, which are established by state statute, are multiples of the employees' contribution made two years prior. The City's contribution is financed through a separate property tax levy and the personal property replacement tax. The Airport reimburses the City's Corporate Fund for the estimated contribution paid by the City for the Airport employees. These reimbursements, recorded as expense, amounted to $1,699,022 and $1,553,826 in 1982 and 1981.

All pension funds receive an actuarial valuation annually. However, the amount of unfunded liabilities or required current year actuarial provisions which pertain expressly to the Airport are not computed, as no specific identification of Airport employees is made for actuarial purposes.

Note 6 - Commitments and Contingencies

Contract commitments to be financed by the operation and maintenance account at December 31, 1981 and not expended at June 30, 1982 totaled $12,296,000. In addition, at June 30, 1982 $7,862,000 of the Airport's unexpended appropriations for the year 1981 remained earmarked by Airport management for specific future projects, although not under contract or other formal commitment.

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